


THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)

6 FEB -6 1977

RECEIVED BY: 

SENATE

S. B. NO. 2555

Introduced by Senator Osmeña III

EXPLANATORY NOTE

Never in the country's labor history has so many Filipinos toiled in ambulant and hawking chores to earn their living. Despite the tangible strides in the economic front, unemployment persists to stalk the country. While there are some who directly gain from the necessary economic gains of the government, the majority does not. This compounds the widespread hunger prevailing in the Philippines.

As a consequence to this odious and unpleasant reality, Filipinos, in their indigenusness and ingenuity, pursue unconventional, but decent means of livelihood — peddling their wares, hawking their merchandise, offering their services, and numerous other unorganized, undirected, individual menial tasks to generate income. Thus, in the urban and big rural centers, one finds numerous hawkers, vendors, peddlers, and the like cajoling, enticing or coaxing passers by who care to stop or listen to vend their wares or offer their services.

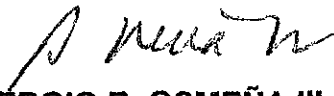
These people are those which we call the informal workers of society. They are so called because they are undocumented, unregistered, uninsured, untaxed, undeclared, disorganized, uncontrolled and left to their own volition in the pursuit of their means of maintaining life. Oftentimes, they get exploited by unscrupulous capitalists who happen to transact business with them.

By their very nature and operation, workers belonging to the informal sector are excluded from the coverage of the Labor Code and other pieces of social legislation. As a result, they are subject to exploitation by businesses and factories which often resort to subcontracting, low wages, long hours of work, absence of fringe benefits, and the like. Moreover, women and children who fall into this sector are likewise vulnerable to exploitation from wholesalers, moneylenders and corrupt police authorities through "kotong" or extortion. Furthermore, the absence of a monitoring system and regulations to protect their respective working environment have made them exposed to health and safety risks.

Moreover, this bill introduces an integrated, holistic and comprehensive policy instrument for the Informal Sector to bring them into the mainstream of Philippine economy.

In view of the great effect and impact this sector has on our society, this proposed bill Magna Carta for the Workers in the Informal Sector seeks to promote and protect their interests by providing adequate and timely social, economic and legal services, as well as mechanisms that shall protect their rights and provide benefits to ensure a dignified existence and economic advancement.

In view of the foregoing, the early passage of this bill is earnestly sought



SERGIO R. OSMEÑA III
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
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6 DEC -6 AM 1977

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**AN ACT
PROVIDING FOR A MAGNA CARTA FOR THE WORKERS IN THE INFORMAL
SECTOR, ESTABLISHING A MECHANISM FOR ITS IMPLEMENTATION AND FOR
OTHER PURPOSES**

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

TITLE I

GENERAL PROVISIONS

Chapter I

Framework and Principles

SECTION 1. Short Title. – This Act shall be known as the “Magna Carta for the
Workers in the Informal Sector”.

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State:

- (a) To promote and improve the total well-being of the poorest and the marginalized low level income earners in the country who are engaged in economic activities under the Informal Sector, hereinafter referred to as IS;
- (b) To promote and protect the interests of the IS by providing adequate and timely social, economic and legal services, as well as mechanisms that shall protect their rights and provide benefits to ensure their dignified existence and economic advancement; and
- (c) To recognize the rights of every worker in the IS especially women and children, to protect them from abuse, economic exploitation and hazardous work that prejudice their physical, mental and spiritual well-being.

1 Towards this end, the State shall come up with an integrated, holistic and
2 comprehensive policy instrument for the IS that shall promote the following:

- 3 (1) Enhancement of entrepreneurial skills and capabilities for more productive
4 and self-reliant members of the sector; and
- 5 (2) A continuing process of consultation and dialogue with said sector to
6 maximize the available reform intervention services.

7 **SEC. 3. Definition of Terms.** – As used in this Act, the following terms shall
8 mean:

- 9 a) Daily Basis - per day mode of paying a private worker as bilaterally agreed
10 upon by both the employer and the worker;
- 11 b) Employer - a natural person, or group, or partnership of people for which a
12 paid worker renders productive employment or service. This includes any
13 person acting in the interest of an employer, directly or indirectly;
- 14 c) Hazardous work or condition - any activity or circumstance where a
15 worker is exposed to any risk which constitutes an imminent danger to
16 his/her health and safety;
- 17 d) Informal Sector (IS)- a category of individuals or partnership of people
18 involved in any business activity or enterprise whose total assets, inclusive
19 of the capital investments, must not be more than Ten Thousand Pesos
20 (P10,000.00) for single proprietorship and Twenty-five Thousand Pesos
21 (P25,000) for partnership ventures or whose annual income does not
22 exceed Thirty-five Thousand Pesos (P35,000.00) and One Hundred Fifty
23 Thousand Pesos (P150,000.00), respectively;
- 24 e) “Kasambahay” or household helper - any person, who is to be engaged,
25 is engaged or has been engaged locally, in a salaried capacity under a
26 full-time basis, paid directly by the employer, and undertaking tasks
27 ascribed as normal household chores within a specific household. This
28 includes maids, cooks, houseboys, family drivers and babysitters (yaya)

1 who provide daily service to a single, specific household, either on a live-in
2 or live-out basis;

3 f) Micro-entrepreneur – includes side walk and fish vendors and small scale
4 farmers and fisher folks;

5 g) Monthly Basis – the per month mode of paying a private worker as
6 bilaterally agreed upon by both the employer and the worker;

7 h) “Pakyaw” Basis - refers to the pre-contracted wholesale mode of paying a
8 private worker as bilaterally agreed upon by both the employer and the
9 worker;

10 i) Self-employed worker - refers to any person, whether male or female, who
11 is to be engaged, is engaged or has been engaged locally and paid
12 directly by the homeowner/employer to provide services to either a single
13 or a number of households on a contractual or day-to-day basis. This
14 includes gardeners, laundry women and household helpers hired on a
15 day-to-day basis, provided that they do not report for work to a single
16 household for four (4) days a week or more, otherwise they shall be
17 classified as “kasambahay”;

18 j) Worker - a general term to mean either or both the self-employed or paid
19 employee covered under the provisions of this Act;

20 k) Worker of minor age – refers to children from fifteen (15) to seventeen
21 (17) years of age engaged in productive employment under a valid
22 contract of employment; and

23 l) Working hours - the period of time within which a worker is required to
24 work regardless of whether or not there are actual tasks being undertaken.

25 **SEC. 4. Framework and Principles.** – The government shall encourage the
26 organization, establishment, strengthening and expansion of the various business
27 activities or enterprises under the IS in the barangay level preferably unified under a
28 municipal/city, provincial, regional and national federation/association. In this regard it
29 shall pursue a policy of minimum regulation towards the IS and it shall encourage the

1 development of ingenuity and the entrepreneurial spirit among the citizenry. The local
2 government units (LGUs) and their respective attached agencies shall, after considering
3 the recommendations that the Department of Trade and Industry (DTI) may provide,
4 simplified procedural rules and requirements in the registration, availment of financial
5 grants, incentives, and government assistance, among others. The LGUs shall
6 encourage the private sector to assist in its implementation by participating in
7 government programs for the IS.

8 Chapter II

9 Coverage, Qualifications and Accreditation

10 **SEC. 5. Coverage of the IS.** – This Act shall cover members of the IS who are
11 employed or working either as micro-entrepreneur, paid worker or self-employed as
12 defined herein. Provided, however, That the aforesaid micro-entrepreneur, paid worker
13 or self-employed qualify under the minimum requirements set forth in this Act.

14 For purposes of this Act, the term IS shall cover the following:

15 (a) Micro-entrepreneurs:

16 (i) sidewalk vendors, fish vendors; and

17 (ii) small scale farmers and fisher folks;

18 (b) Employed/Self-Employed:

19 (i) local domestic helpers or “kasambahay”

20 (ii) barbers, manicurists, pedicurists;

21 (iii) pedicab/tricycle drivers;

22 (iv) jeepney drivers;

23 (v) taxi drivers;

24 (vi) carpenters, plumbers, electrician, mason, house painters; and

25 (vii) welders, mechanics

26 **SEC. 6. Registration; Payment.** – IS business enterprises shall, upon
27 registration, pay Fifty (P50.00) pesos to the municipality or city where it is to be
28 established during the first year of its operation. The fee shall cover the cost for the
29 issuance of the license to operate.

1 **SEC. 7. Annual Dues.** - IS business enterprises shall pay their annual dues to
2 the municipal or city treasurer where they are registered and accredited, starting on
3 their second year of operation, based on the following schedule:

4 (a) Those with net assets before financing amounting to not more than
5 P25,000.00 or monthly income of not more than P 2,000.00
6 P180.00;

7 (b) Those with net assets before financing of more than P
8 25,000.00 but not exceeding P 100,000.00 or monthly income
9 of P 2,000.00 but not exceeding P 5,000.00P 360.00;

10 (c) Those with net assets before financing of more than P 100,000.00
11 but not exceeding P 400,000.00 or monthly income of more than P
12 5,000.00 but not exceeding P 10,000.00 P 720.00; and

13 (d) Those with net assets before financing of more than P
14 400,000.00 or monthly income of more than P 10,000.00P
15 1,000.00.

16 The fees collected shall accrue exclusively to the municipality or city where the
17 business is operating and shall be used for IS development programs as approved by
18 the municipal or city council.

19 **SEC. 8. Revocation of Business Authority.** – The authority to do business
20 shall, after due notice and hearing, be revoked and cancelled upon the failure of the IS
21 business activities or enterprises, without valid reasons, to commence its operation
22 within forty-five (45) days from receipt of the authority to operate.

23 **SEC. 9. Accreditation.** – Any member of the IS who meets such eligibility,
24 qualification and other necessary requirements provided for under this Act, shall be
25 accredited as member of the IS.

26 Eligibility for accreditation to any development program shall be reviewed,
27 revalidated and reassessed every two (2) years from the date of the last accreditation
28 by the LGUs where the IS operates. Renewal of eligibility shall be based in accordance
29 with the merit and fitness principle.

1 lending venture capital, financial leasing, secondary mortgage and/or rediscounting of
2 loan papers to IS business activities or enterprises, and crop production financing.

3 The SBGFC and the LBP through its National Livelihood Support Fund under EO
4 715, as amended, shall guarantee loans obtained by qualified IS worker or business
5 activity or enterprise, whether single proprietorship or a partnership venture, under such
6 terms and conditions adopted by their respective Boards and shall become liable under
7 their guaranty upon proof that the loan has become past due under such terms and
8 guidelines adopted by their Boards and printed on the contract of guarantee.

9 All provisions stipulated under R.A. 8289 and EO 715 in connection with the
10 SBGFC and the LBP, through its National Livelihood Support Fund shall continue to be
11 in effect except those which are amended hereof.

12 **SEC. 13. Eligibility for Government Assistance.** To qualify for assistance,
13 incentives and grants, a worker or business activity or enterprise shall comply with the
14 following requirements:

15 (a) duly registered and accredited with the concerned agency in the LGU where
16 they are actively operating and paid the registration and accreditation fees
17 at the Office of the Municipal or City Treasurer concerned;

18 (b) one hundred percent (100%) owned and capitalized by Filipino citizens, be it
19 single proprietorship or a partnership venture; and

20 (c) fall under the above-mentioned sub-categories of IS;

21 **SEC. 14. Exclusivity of Government Programs.** The government shall
22 ensure that programs of financing, grants and other similar incentives shall be extended
23 to an accredited IS worker and IS business activity or enterprise.

24 **SEC.15. Entitlement of Government Procurements.** The government shall
25 adopt a mechanism to ensure that duly accredited IS worker or business activity or
26 enterprise shall be entitled to a share of at least ten percent (10%) of the total
27 procurement value of goods and services supplied to the government, its bureaus,
28 offices and agencies annually: Provided, That prices and quality of goods offered by

1 The Board shall be the primary agency responsible for the promotion, growth and
2 development of the IS in the country by facilitating and coordinating national efforts to
3 promote the sector's viability and growth, including the provision of an integrated
4 program for skills enhancement, literacy and education, health services, social welfare
5 and services, assistance in the tapping of local as well as foreign funds, and other
6 functions relative to the attainment of the objectives and policy of this Act.

7 **SEC. 21. Composition.** The Board shall be headed by the Secretary of the DTI
8 as Chairman, and may elect from among the members a Vice-Chairman who, in the
9 absence of the Chairman, shall preside over the Board meetings. The Board shall be
10 composed of the following:

- 11 (a) Director General of the National Economic and Development Authority
12 (NEDA);
- 13 (b) Secretary of the Department of Agriculture (DA);
- 14 (c) Secretary of Department of Labor and Employment (DOLE);
- 15 (d) Secretary of Department of Social Welfare and Development (DSWD);
- 16 (e) Secretary of the Department of Health (DOH);
- 17 (f) Secretary of the Department of Tourism (DOT);
- 18 (g) Administrator of the National Housing Authority (NHA);
- 19 (h) Administrator of the Cooperative Development Authority (CDA);
- 20 (i) Chairman of the SBGFC;
- 21 (j) President of the LBP;
- 22 (k) Three (3) representatives from the private sector at large, who must be
23 Filipino citizens representing Luzon, Visayas and Mindanao; and
- 24 (l) One (1) representative from the IS to be appointed by the President.

25 An ex-officio member of the Board who possesses a cabinet-rank shall
26 designate an Undersecretary or Assistant Secretary as his/her permanent alternate
27 representative in case he/she fails to attend meetings in the exigency of his/her official
28 function in the department.

1 The private sector members of the Board shall be entitled to receive per diem of
2 Two Thousand Pesos (P2,000.00) per meeting. The Board shall meet once a month or
3 it may call for special meetings as the need arises: Provided, that the frequency of
4 such special meetings shall not exceed four (4) times annually.

5 The DTI shall allocate Ten million pesos (P10,000,000.00) out of its savings for
6 the initial operating expenses of the Board, after which the Board's budget shall be
7 included in the Department's annual appropriation.

8 **SEC. 22. Mandate of the Board.** The Board shall have the following powers
9 and functions:

10 (a) Prepare and establish a System of Accreditation for the IS in accordance
11 with the standards and provisions of this Act;

12 (b) Provide guidelines for the implementation by the LGUs of a fair and credible
13 system of evaluation, accreditation, review and assessment, merit promotion, rendering
14 of grants and incentive awards and other policies relative to the effective
15 implementation of this Act;

16 (c) Prepare a program of training for human resource development, including
17 the specific areas of entrepreneurship and business management;

18 (d) Coordinate with LGUs for the development and implementation of periodic
19 evaluation of all accredited IS members, taking into account their accomplishments,
20 capabilities and potentials which results shall be used as basis for evaluation,
21 accreditation, the grant of awards and incentives, training and retraining;

22 (e) Establish a performance appraisal system for all accredited IS members
23 which shall be the basis for incentives, rewards and recognition, training and
24 development including adequate mechanisms that shall ensure their active participation
25 and involvement; and

26 (f) Establish the criteria and process for the accreditation and renewal of such
27 eligibility for development assistance, support and grants.

28 **SEC. 23. Authority of the Board to Solicit Assistance from Various**
29 **Agencies.** The Board may call upon the participation of any government agency in its

1 deliberations especially when such agency is directly or indirectly concerned with and/or
2 affecting the growth and development of the IS in any particular area or manner.

3 **SEC. 24. Executive Committee.** The Board may create an Executive Committee
4 of five (5) members elected by the Board from among themselves or their duly
5 designated alternate representatives, with at least two (2) members representing the
6 private sector, and with authority to act for and in behalf of the Board during intervals of
7 meetings, and within the specific authority granted by the Board.

8 **SEC. 25. Board Secretariat.** The Board, through the Chairman, shall
9 designate, in his capacity as Secretary of the DTI, any division or bureau within the DTI
10 to act as the Board Secretariat which shall have the following duties and functions:

11 (a) To prepare, in coordination with LGUs and other local government
12 agencies, and recommend annual as well as medium-term IS Enterprise
13 Development Plans for the approval of the Board;

14 (b) To coordinate the preparation of position papers and background materials
15 for discussion or approval during Board meetings;

16 (c) To assist the Board in coordinating and monitoring the policies, programs
17 and activities of all government agencies with respect to the
18 implementation of this Act;

19 (d) To prepare, collate, integrate all inputs to the Board's yearly report on the
20 status of the IS business activities or enterprises in the country;

21 (e) To submit periodic reports to the Board on the progress and
22 accomplishment of its work programs; and

23 (f) To perform ad hoc functions as authorized by the Board.

24 **SEC. 26. Rationalization of Programs.** The Board shall conduct continuing
25 review of government programs for IS and shall submit to Congress and the President a
26 report thereon together with its policy recommendations with thirty (30) days after the
27 opening of every regular session.

28 **SEC. 27. IS Enterprise Promotion Agency.** The President is hereby
29 empowered to establish, within ninety (90) days upon the effectivity of this Act, an IS

1 Enterprise Promotion Agency which shall be the principal government agency to
2 formulate, implement, coordinate and monitor all non-financing government programs,
3 including fee-based services, to support and promote entrepreneurial spirit among the
4 poorest-of-the-poor. It shall be attached to the DTI and shall be under the policy,
5 program and administrative supervision of the Board. The office shall be allocated Ten
6 million (P10,000,000.00) pesos for its first year of operation which shall be appropriated
7 from the special fund of the Office of the President, and thereafter, its annual
8 appropriation shall be included in the General Appropriations Act.

9 Heads of LGUs in the provincial, city and municipal levels are empowered to
10 establish in their respective jurisdiction an IS Division or Bureau, under the office of the
11 Provincial Governor or City/Municipal Mayor, to implement, coordinate and monitor all
12 business activities or enterprises and intervene on IS-related problems and concerns
13 under their respective jurisdictions.

14 Chapter V

15 IS Livelihood Resource Center

16 **SEC. 28. IS Livelihood Resource Center.** The IS Livelihood Resource Center
17 shall be established in every city/municipality to enhance access of assistance and
18 support to disadvantaged members of society particularly in remote areas.

19 For this purpose, the DTI, Technical Education and Skills Development Authority
20 (TESDA) and Technology and Livelihood Resource Center (TLRC) shall develop
21 livelihood programs which shall harness the skills of the IS members.

22 The aforesaid agencies shall conduct human resource development programs
23 and management in the following areas:

- 24 (a) Adequate facilities and resources to render quality social service;
- 25 (b) Opportunities for IS workers to grow and develop their potentials and
26 experience a sense of worth and dignity in their work;
- 27 (c) Mechanisms for democratic consultations;
- 28 (d) Upgrading of working conditions; and

- 1 (e) Allocation of funds for the participation of IS workers in skills training
2 and workshops and other similar activities as part of their
3 continuing advancement.

4 **SEC. 29. Functions of IS Livelihood Resource Center.** The IS Livelihood
5 Resource Center shall have the following functions:

- 6 (a) Conduct training programs which shall provide new ideas to IS members
7 and upgrade the technical and entrepreneurial skills of those are already in
8 the field;
- 9 (b) Implement consciousness-raising capability building and leadership training;
- 10 (c) Provide technical support and access credit to the IS members engaged in
11 micro-entrepreneurship and cottage industries or other productive work;
- 12 (d) Monitor the performance of the IS in the area;
- 13 (e) Give advise and recommendations as to the strengthening and expansion of
14 the IS activities; and
- 15 (f) Provide services, to include but not limited to counseling, legal assistance,
16 credit assistance, and other services necessary for the furtherance of this
17 Act.

18 The LGUs shall allocate at least Two Hundred Thousand Pesos (P200,000.00)
19 annually for the operation and maintenance of the Center. The local chief executives
20 shall act as the primary overseers of the overall operation of the Center.

21 Chapter VI

22 IS Comprehensive and Integrated Plan and Inter-Agency Networking

23 **SEC. 30. IS Livelihood Resource Center.** The NEDA shall be tasked to
24 formulate a Ten-Year Comprehensive and Integrated Plan on the impact of globalization
25 for the IS. It shall determine and recommend the necessary safety nets needed by the
26 IS to prepare them for the possible effects of globalization.
27

28 **SEC. 31. Inter-Agency Networking.** The DOLE shall provide for and lead the
29 inter-agency networking system among the different departments and instrumentalities

1 of government, should the same be required in the continuing efforts to protect the
2 interests, rights and privileges of IS workers.

3 The Board, in coordination with the Department of Education (DepEd) and the
4 Commission on Higher Education (CHED), shall design a comprehensive and
5 integrated program for IS members to give them opportunity to pursue free education.

6 The cooperatives, through the assistance of the DTI, TESDA and TLRC, shall
7 inform IS members in the rural areas of opportunities for market and technology, access
8 and the availability of livelihood trainings and seminars to respond to IS needs and
9 potentials.

10 The DSWD shall, within a period of one (1) year from the date of effectivity of this
11 Act, institute a program designed specifically to provide emergency services specifically
12 to women and minor IS workers who are in need of custody, shelter, healing, or
13 medical, psychological, legal and rehabilitative services.

14 The DSWD shall, upon the recommendation of the DOLE, effect the repatriation
15 of minor IS workers who either voluntarily seek government protection against abuse
16 and exploitation or upon report or discovery of the same. The costs of such repatriation
17 shall be borne by the DSWD. The DOLE shall formulate the rules and regulations
18 governing the emergency repatriation of the same.

19 For this purpose, a Repatriation Fund is hereby created and established under
20 the administration and control of the DSWD in the amount of Ten million pesos
21 (P10,000,000.00) to be taken from the President's Social Fund.

22 Chapter VII

23 Rights and Privileges of IS

24 **SEC. 32. Basic Rights.** All members of the IS shall have the following rights
25 and privileges:

- 26 (a) Participate in all spheres of society including the decision-making processes
27 to fully realize their role as agents and beneficiaries of people-centered
28 development;
- 29 (b) Equal protection before the law;

- 1 (c) Humane safe and healthful living conditions in the workplace;
- 2 (d) Equal access to education, skills training, and economic resources to
3 develop their self-reliance;
- 4 (e) Information on matters of concern affecting the welfare and interests of their
5 sector; and
- 6 (f) Protection from any form of discrimination, violence, sexual exploitation and
7 abuse.

8 **SEC. 33. Right to Medical Care and Humane Treatment.** Every worker has a
9 right to quality health care, without any discrimination and within the limits of the
10 resources available for health and medical care. In the course of such care, his human
11 dignity, culture, convictions and integrity shall be respected.

12 The employer or any member of the household or institution shall, at all times,
13 treat his/her worker in a just and humane manner. In no instance shall abusive
14 language, physical violence or any act which debases, degrades or demeans the
15 intrinsic worth and dignity of the worker as a human being be used upon the latter.

16 **SEC. 34. Right to Organize.** The State recognizes the right of IS workers to
17 organize themselves to promote their welfare and advance or safeguard their interests.
18 Towards this end, the government shall assist the IS especially in the rural areas in
19 establishing self-help organizations.

20 *Members of the IS engaged in agricultural, manufacturing and service sector are*
21 *encouraged to form women's cooperatives in every city/municipality to enable members*
22 *to avail of credit assistance and skills training which will help improve their quality of life.*

23 Chapter VIII

24 Benefits and Incentives

25 **SEC. 35. Medical/Health Insurance.** A worker, regardless of age and
26 compensation level, shall be covered by a free medical/health insurance under the
27 Philippine Health Insurance Corporation (PHILHEALTH), and shall be entitled to all the
28 benefits provided for under the law: Provided, however, That the worker has rendered
29 at least one (1) year of continuous service to have a medical/health insurance during

1 initial months of his/her employment. He/she shall shoulder all the necessary premiums
2 due him/her until the seventh (7th) month when the employer shares fifty (50%) percent
3 of the monthly required premiums.

4 For purposes of this Section, the PHILHEALTH shall, within ninety (90) days from
5 the effectivity of this Act, promulgate guidelines for the mechanism of collecting the
6 aforesaid contributions especially contract workers who are employed on daily, monthly
7 or "pakyaw" basis. PHILHEALTH is hereby mandated to implement an outreach
8 program that shall facilitate the remittance of premiums by either the employer or the
9 worker by whatever means deemed feasible.

10 Pending the promulgation of pertinent implementing rules and regulations to this
11 effect, the employee shall receive the employers' share or counterpart contribution and
12 may remit said amount together with his/her own share to the SSS.

13 **SEC. 36. Social Security Coverage.** A worker, regardless of age and
14 compensation levels, shall be covered by social security and be entitled to all the
15 benefits provided for under Republic Act No. 8282: Provided, however, That the
16 worker has rendered at least one (1) year of continuous service: Provided, further, That
17 if the worker intends to become a member of the SSS or intends to continue his/her
18 social security contribution during the initial months of his/her employment, he/she shall
19 shoulder all the necessary premiums due him/her until the seventh (7th) month when the
20 employer shares fifty (50%) percent of the monthly required contribution.

21 For purposes of this Section, the SSS shall, within ninety (90) days from the
22 effectivity of this Act, promulgate guidelines for the mechanism of collecting the
23 aforesaid premiums especially for those contracted workers who are employed on daily,
24 monthly or "pakyaw" basis. The SSS is hereby mandated to implement an outreach
25 program that will facilitate the remittance of premiums by either the employer or the
26 worker by whatever means deemed feasible.

27 Pending the promulgation of pertinent implementing rules and regulations to this
28 effect, the employee shall receive the employers' share or counterpart contribution and
29 may remit said amount together with his/her own share to the SSS.

1 **Chapter IX**

2 **Organizational Structure**

3 **SEC. 37. Consultations with IS Organizations.** The IS Development Board
4 (ISDC), in coordination with other concerned agencies and the LGUs, shall conduct
5 annual national, regional and provincial consultations among the IS organizations to
6 determine the specific issues and problems affecting their sector. The Board shall
7 channel IS concerns to the appropriate agencies and provide the necessary
8 recommendations to the executive and legislative departments.

9 **SEC. 38. Establishment of IS Database.** The Board shall establish and
10 develop a centralized database system to effectively adopt policy formulation and policy
11 concerns relative to the IS. The databank shall include but not limited to the following:

- 12 a) List of government and non-governmental organizations which
13 provide educational, socio-economic and legal services to the IS;
14 b) Inventory of pending cases involving the IS activities;
15 c) Statistical profile of the various IS classified according to activities,
16 involvement and other statistical information;
17 d) Database of the needs and problems of women and children in the
18 IS nationwide; and
19 e) Compilation of existing laws and programs affecting the interest
20 and welfare of the IS.

21 The public shall be allowed to have access to the said data provided that they
22 shall abide with the regulations that will be set by the inter-agency committee.

23 **Chapter X**

24 **Benefits to Participating Private Sector**

25 **SEC. 39. Incentives to Private Sector.** The national government shall
26 implement a mechanism which shall give incentives and benefits to private sector
27 organizations participating in a national effort to advance the interests and welfare of the
28 IS.

1 The Department of Finance, in coordination with the Bureau of Internal Revenue,
2 shall promulgate guidelines for the effective implementation of this Section.

3 **TITLE II**
4 **IS WORKERS ENTERING INTO CONTRACTED EMPLOYMENT**

5
6 **Chapter I**

7
8 **Requisites for Contracting Employment**

9
10 **SEC. 40. Employment Contract.** All working arrangements entered into by IS
11 workers shall be covered by a written employment contract, in a language or dialect
12 understood by both employer and worker, duly signed by them. Under this Act, the
13 employer and the worker may enter into either one of the following three (3) working
14 arrangements: Daily Basis, Monthly Basis, or "Pakyaw" Basis.

15 The contracting parties shall be provided with a full set of the duly signed
16 employment contract, the basic provisions of which shall include the following:

- 17 (a) working arrangement/mode;
18 (b) period/duration of employment;
19 (c) compensation and mode of payment;
20 (d) computation of contributions for social security and medical insurance;
21 (e) computation of leave deductions;
22 (f) duties and responsibilities;
23 (g) working hours and day-off schedule; and
24 (h) living quarters or sleeping arrangements (for live-in workers)

25 **SEC. 41. Medical Certificate as Pre-requisite for Employment.** A medical
26 certificate attesting to the physical and mental fitness of an applicant for work must be
27 secured from a licensed physician as a pre-requisite for employment, the cost of which
28 shall be paid by the employer.

29 **Chapter II**

30 **IS Workers of Minor Age**

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32 **SEC. 42. Allowable Employment of Workers of Minor Age.** Children below
33 sixteen (16) years of age may be employed: Provided, That a parental consent be
34

1 presented and attested by any representative from the LGU or duly elected barangay
2 official where the minor is employed: Provided, further, That the provisions of the
3 United Nations (UN) Convention on the Worst Forms of Child Labor be taken into
4 consideration in the course of employing such minors.

5 In no instance, however, shall children below fifteen (15) years of age be
6 engaged in whatever form of productive service.

7 Unless expressly employed as "kasambahay" with duly executed contract of
8 employment, children who live with their parents at the employer's residence or those
9 whose sustenance or education is being provided for by the homeowner, shall not be
10 considered as "kasambahay".

11 Workers of minor age shall not be allowed to render work for more than ten (10)
12 hours a day, five (5) days per week, exclusive of one (1) hour break each for breakfast,
13 lunch and dinner.

14 **SEC. 43. Custody over Minors.** Should a worker of minor age refuses to be
15 repatriated upon the recommendation of the DSWD, said individual may be placed
16 under the custody and care of the DSWD or that of a duly recognized and accredited
17 non-government organization, or placed in a suitable employment.

18 Chapter III

19 Standardized Wage Rate

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22 **SEC. 44. Standardized Wage Rate.** Pursuant to the provisions of this Act, a
23 standardized wage rate is hereby set forth:

24 For Kasambahay

- 25 (a) 4th – 6th class municipalities - Below P1,000.00
26 (b) 1st – 3rd class municipalities & - P 1,001.00 – P 1,800.00
27 Chartered & Component Cities
28 (c) National Capital Region - P 1,801.00 – P 2,500.00

29 For Employed Worker

- 30 (a) 4th – 6th class municipalities -
31 Skilled: P 90.00 – P 120.00

1 Unskilled: P 60.00 – P 80.00

2 (b) 1st – 3rd class municipalities -

3 Skilled: P 130.00 – P 180.00

4 Unskilled: P 90.00 – P 120.00

5 (c) National Capital Region -

6 Skilled: P 230.00 – P 260.00

7 Unskilled: P 190.00 – P 220.00

8 Provided, That a worker who has contracted work in other city/municipality other
9 than the place of residence shall be entitled to the daily wage rate of the
10 city/municipality where he/she actually works: Provided, further, That a worker who has
11 contracted employment outside the city/municipality of residency shall be afforded free
12 assistance and support in the form of housing and food by the contractor/employer.

13 In the case of worker who works on monthly or “pakyaw” basis, the wage rate to
14 be applied shall be based in the wage rate of the city/municipality where he/she actually
15 works. He/she shall also be afforded free housing and support for the duration of the
16 contract.

17 In no instance, however, shall workers of minor age be deprived of the above
18 standardized wage rate system set forth in this Act.

19 **SEC. 45. Payment of Wages.** Payment of wages shall be made directly to the
20 worker, at least once every two (2) weeks or twice a month. No deductions from said
21 wages shall be made by the employer except those provided for by law. The expressed
22 written consent of the worker shall first be secured before any deduction is made.

23 **Chapter IV**

24 **Prohibited Acts**

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27 **SEC. 46. Prohibition Against Night Work.** Worker of minor age shall not be
28 allowed to render work between ten o'clock in the evening and six o'clock in the
29 morning the following day.

30 **SEC. 47. Prohibition Against Work to be Undertaken.** Worker of minor age
31 shall not be allowed to render work beyond their mental and physical capabilities.

1 **SEC. 48. Prohibition Against Bonded Labor.** A worker shall not be allowed to
2 use his/her future services as collateral for any loan or advances made or to be made
3 by said worker with the employer. Likewise, no employer shall be allowed to bind the
4 worker to have his/her continued employ as a form of payment for any loan or advances
5 which he/she may have made with the employer. Should there be an outstanding loan
6 incurred and he/she decides to unilaterally terminate the contract of employment, said
7 loan or advance shall be paid by him/her to the employer under terms and conditions
8 specified in a duly executed promissory note between parties.

9 **SEC. 49. Prohibition Against Labor Sub-Contracting.** In no instance shall
10 the employer sub-contract the services of a worker to any third party, unless such
11 activity falls within the purview of an employment arrangement for which the necessary
12 permits and licenses had been previously secured.

13 **SEC. 50. Prohibition Against Recruitment and Finders Fees.** Regardless of
14 whether the worker was recruited either through an employment agency or a third party,
15 said worker shall neither be charged nor levied a share in the recruitment fees or
16 finder's fees by the aforementioned employment agency or third party.

17 **SEC. 51. Prohibition Against Hazardous Work and Conditions.** Worker of
18 minor age shall not be employed in any hazardous work, activity or undertaking, and
19 neither shall he/she be exposed to hazardous working conditions.

20 For purposes of this Section, hazardous work or conditions shall include, but not
21 limited to the following:

- 22 (a) any work, employment or activity which exposes the worker to
23 physical, emotional or sexual abuse;
- 24 (b) any work which involves manual handling or transport of heavy loads;
- 25 (c) any work in an unhealthy environment which exposes household
26 helpers to hazardous substances, agents or processes, or to
27 temperatures, noise levels, or vibrations affecting their health;
- 28 (d) any work which requires the household helper to render services for
29 long periods of time or late in the evening;

- 1 (e) any or all forms of slavery or practices similar to slavery, such as the
2 sale and trafficking of household helpers, forced or compulsory labor,
3 debt bondage and serfdom;
- 4 (f) any use, procuring or offering of the household helper for prostitution
5 or pornography;
- 6 (g) any use, procuring or offering of the household helper for the
7 commission of any offense or crime, particularly for the production and
8 trafficking of narcotic drugs and substances as defined in the
9 Dangerous Drugs Act;
- 10 (h) any other type of work or activity which, by its nature or the
11 circumstances in which it is carried out, is likely to jeopardize the
12 health, safety or morals of the household helper; and
- 13 (i) any other type of work, activity, condition or undertaking that may be
14 hereinafter defined as hazardous by the DOLE.

15 **SEC. 52. Prohibition Against Interference and Coercion.** Any person is
16 prohibited from committing any of the following acts of interference and coercion;

- 17 (a) To prevent a worker from upholding his/her other basic rights;
- 18 (b) To prevent workers from joining or assisting organizations or unions for
19 purposes not contrary to law, in order to defend and protect their mutual
20 interest and to obtain redress of grievances through peaceful concerted
21 efforts;
- 22 (c) To prevent a worker from carrying out his/her duties and functions in an
23 organization or union, or to penalize the same for any lawful action
24 performed in that capacity;
- 25 (d) To make calculated harassment and interference with the intention of
26 intimidating or preventing the social worker from performing his/her duties
27 and functions;

- 1 (e) To make calculated harassment against, or to transfer, penalize or
2 terminate the services of a worker who is carrying out his/her function or
3 role for and in behalf of his/her employer; and
- 4 (f) To perform acts calculated to diminish the independence and freedom of a
5 social worker's union or organization to direct its own affairs.

6 Chapter V

7 Rights and Benefits of Employed IS Workers

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10 **SEC. 53. Right to Wages Earned.** The employer shall pay directly to the
11 worker of minor age, any and all wages, remuneration or compensation earned by
12 him/her during the period of employment.

13 No parent, guardian or relative shall be allowed to borrow against the
14 compensation of the his/her relative-worker of minor age without the express written
15 consent of the latter. Neither shall the worker of minor age be mandated to work in
16 payment of a loan or liability incurred by a parent, guardian or relative.

17 **SEC. 54. Right to Privacy and Confidentiality.** The employer shall respect the
18 privacy of his/her worker during the course of the latter's rest periods. This right to
19 privacy shall extend to any and all forms of personal communications, including letters
20 of correspondence issued or received, and be allowed communications coursed through
21 the private telephone of the employer: Provided, That any additional expense incurred
22 in the course of the communication shall be borne by the worker and shall be deducted,
23 upon the employer's due notice to the worker of the amount incurred, from the
24 receivable wage of the worker.

25 The worker shall be allowed to exercise his/her right to communicate with
26 relatives and other persons and to receive visitors subject to reasonable limits
27 prescribed in the employment contract agreed and entered into by both the employer
28 and the worker.

29 **SEC. 55. Access to Education and Training.** A worker shall not be deprived
30 of formal or non-formal education. In cases where he/she is productively employed,

1 he/she shall be allowed to attend or pursue literacy program during day-off or in any
2 other time with the consent of the employer.

3 The Department of Education (Deped) or Commission on Higher Education
4 (CHED), whichever office is applicable, shall extend its services of Study-Now, Pay-
5 Later Program to the workers in the IS.

6 The employer may also extend scholarship to a worker and shall be reimbursed
7 through deductions from the worker's monthly compensation which shall, at all times,
8 not more than fifty (50%) percent of the worker's monthly compensation. The time
9 spent by a worker in the course of his/her schooling, or training, including the time spent
10 going to and coming from the training shall be counted as part of the worker's hours of
11 work.

12 **SEC. 56. Access to Lawful Third-Party Mediation.** The employer shall
13 provide all workers the names, addresses and telephone numbers of the following
14 designated liaison offices:

- 15 (a) DTI;
- 16 (b) DOLE;
- 17 (c) The Barangay office where he/she is working; and
- 18 (d) Duly registered non-government organizations accredited to mediate
19 disputes in their sector.

20 The employer shall further guarantee worker's access to all means of
21 communication for the purpose of contacting any of the above-enumerated institutions.

22 **SEC. 57. Provision of Basic Necessities.** The employer shall provide the
23 following basic necessities of a live-in worker:

- 24 (a) A minimum of three (3) full meals per day;
- 25 (b) Humane, private and safe sleeping quarter;
- 26 (c) Emergency medical support and assistance;
- 27 (d) A safe and non-health hazard workplace;

28 In no instance shall the employer be allowed to withdraw or hold in abeyance
29 these basic necessities as punishment or disciplinary action on the worker.

1 **SEC. 58. Normal Hours of Work.** Cognizant of the peculiarities of the
2 relationship between the employer and the IS worker, the normal hours of work shall be
3 set at ten (10) hours per day, exclusive of one (1) hour breaks each for breakfast, lunch
4 and dinner. The worker shall be allowed at least eight (8) hours of continuous rest per
5 day otherwise any work done beyond said period of time shall be duly compensated.

6 **SEC. 59. Regular Working Days.** No worker shall render work for more than
7 six (6) days per week. While the specific day of the week set aside as rest day for the
8 worker may be stipulated in the employment contract, the same may be changed for
9 another day of the week upon the mutual agreement of the employer and the worker as
10 the exigencies of the work may dictate.

11 **SEC. 60. Longevity Pay.** A longevity pay equivalent to five per centum (5%) of
12 his/her latest monthly basic pay shall be paid to a worker for every two (2) years of
13 continuous and satisfactory service rendered.

14 **SEC. 61. Clothing Allowance.** A worker shall be entitled to a minimum of One
15 Thousand pesos (P1,000.00) clothing allowance annually: Provided, That the worker
16 has rendered at least one (1) year of continuous service in the employment he/she is
17 currently in.

18 **SEC. 62. Vacation Leaves.** A worker employed for one (1) year shall be
19 entitled to a fourteen (14) day vacation leave with pay, in addition to the one (1) day per
20 week designated as the rest day. Said leave may only commence at the end of the first
21 year of employment, and shall not cumulate from year to year.

22 **SEC. 63. Maternity Benefits.** A female worker who is employed for one (1)
23 year shall be entitled to maternity benefits.

24 **SEC. 64. 13th Month Pay.** A worker shall be entitled to a 13th month pay
25 equivalent to one (1) month's basic salary which shall be paid to the worker not later
26 than the 16th of December of every year: Provided, however, That the worker has
27 reached the required minimum residency. Otherwise, the worker shall be entitled to
28 receive a 13th Month Pay on pro-rated basis.

1 **FINAL PROVISIONS**

2 **SEC. 70. Penal Provision.** Any person who shall willfully interfere with, restrain
3 or coerce a social worker in the exercise of his/her rights or shall in any manner commit
4 any act in violation of any of the provisions of this Act shall, upon conviction, be
5 punished by a fine of not less than Ten thousand pesos (P10,000.00) but not more than
6 Twenty thousand pesos (P20,000.00) or imprisonment of one (1) year to six (6) years or
7 both fine and imprisonment at the discretion of the court.

8 If the offender is a public official, the court in addition to the penalties provided in
9 the preceding paragraph, may impose the additional penalty of disqualification from
10 public office.

11 Any private institution/company found to be violating any provision of this Act,
12 shall be subject to a penalty ranging from suspension to revocation of license, at the
13 discretion of the court.

14 **SEC. 71. Separability Clause.** If any provision of this Act is declared
15 unconstitutional or invalid, the provisions not affected shall continue to be in full force
16 and effect.

17 **SEC. 72. Repealing Clause.** All laws, decrees, orders, rules and regulations or
18 other issuances inconsistent with the provisions of this Act are hereby repealed,
19 amended or modified accordingly.

20 **SEC. 73 Effectivity.** This Act shall take effect fifteen (15) days after its
21 publication in at least two (2) newspapers of general circulation or the Official Gazette,
22 whichever comes first.

23 Approved.