

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

House Bill No. 4668



Introduced by Representative RAYMOND DEMOCRITO C. MENDOZA

AN ACT
EXPANDING THE BENEFITS OF THE SOCIAL SECURITY SYSTEM SO
AS TO PROVIDE FOR UNEMPLOYMENT BENEFITS THEREBY
AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 8282, AS
AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW OF
1997.

EXPLANATORY NOTE

The financial crisis that hit the United States in 2008 made tremendous impact on the global economy and the lives of people including those in the Philippines. One such impact was an increase in unemployment in the country. Almost six years since, the U.S. financial crisis has spread to other developed nations such as Spain and Greece as well emerging economies like China and India. While there have been some indications of economic recovery, this cannot fully address the alarming global unemployment situation. Study conducted by the International Labor Organization as reflected in its 2014 Global Employment Trends, claims that "the weak global economic recovery has failed to lead to an improvement in global labour markets, with global unemployment in 2013 reaching almost 202 Million."

In the Philippines, the two-year sustained economic growth has unfortunately been a jobless growth. The unemployment rate in the country has been increasing at 7.0% in 2012, and then to 7.3% in 2013 which is equivalent to 3,005,994 of the 38,172,006 total labor force. Meanwhile 19.2% or 790,617 were underemployed last year according to figures of the Bureau of Labor and Employment Statistics (BLES) in July 2013. The latest ILO data have also shown that the Philippines have the highest unemployment rate of 7.5% in Southeast Asia.

While the unemployment situation in the Philippines, though the highest in Southeast Asia, is not the worse in the world, workers in the Philippines are worse off than jobless workers in other countries also experiencing an economic downturn such as in Greece, Spain, or Italy. The social protection of

1 workers in the Philippines is very limited, targeting only the poorest, and it has
2 been failing to prevent retrenched workers from falling further into poverty.

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4 As of latest government data, about 2.969 Million Filipinos are unemployed.
5 Meanwhile, about 60% of those with employment are in precarious work or
6 vulnerable jobs, the majority are income poor, receiving US\$2 or less per day.

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8 If our neighbour, Vietnam, which is only next to the Philippines in terms of
9 GDP has income support or unemployment insurance that can provide
10 income to the displaced worker while he or she is seeking for new
11 employment, why can't Philippines provide it as well for our workers?

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13 Ideally, countries rely on their social security agencies to support their
14 workforce during such financial difficulties. Unfortunately, the Philippines until
15 now does not have an unemployment related benefit scheme to rely on
16 because the Social Security System is not mandated to provide
17 unemployment benefits to workers.

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19 Social security is a government program whereby economic assistance is
20 provided to persons faced with disability or illness, work injury, maternity, old
21 age, and even death. Various income maintenance programs are designed to
22 improve the recipient's welfare through public services. In other countries like
23 the United States, Australia, United Kingdom and Germany, economic
24 assistance is also extended to people who are confronted with income losses
25 due to unemployment.

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27 Our workers have contributed to the country's economic growth or in the
28 creation of its wealth. It is therefore imperative upon the state to ensure that
29 our workforce does not only have meaningful and satisfying jobs, but can also
30 address employment or income security during unfortunate times when they
31 lose their jobs through no fault of their own. As unemployment is projected to
32 further increase until 2018, unemployment assistance even for a period of six
33 months is needed to guarantee that workers and their families meet the
34 minimum food requirements and other basic needs while the workers try to
35 find re-employment.

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37 This bill therefore seeks to provide unemployment benefits in the form of
38 monthly cash payments equivalent to the existing monthly minimum wage to a
39 permanent employee who is involuntarily unemployed.

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41 This bill will amend Republic Act 8282, otherwise known as the Social
42 Security Law, in order to expand the benefits under the social security system
43 so as to provide for unemployment benefits to its member contributors. The
44 unemployment insurance provision is proposed to give temporary economic
45 support to those who were separated from work due to reorganization or
46 otherwise laid-off due to retrenchment or other similar business decision. It is
47 intended to the worker over until the worker obtains new employment within
48 the six-month window for coverage provided. This measure will help ensure
49 that then worker and his family does not fall into the abyss of the newly-made

1 poor, and are capacitated until the next employment is made available to the
2 worker.

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4 The grant of unemployment benefits even only for a period of six months will
5 help alleviate the plight of the workers and give them the necessary
6 assistance while looking for new opportunities to work. This benefit also
7 becomes an economic tool during periods of unemployment because it
8 tempers the drop in consumption brought about by unemployment. It also
9 serves as an effective instrument for government to identify the workers and
10 industries most vulnerable to job layoffs and closures, so that proper support
11 programs are enforced.

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13 In light of the foregoing, immediate passage of the bill is earnestly sought.

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RAYMOND DEMOCRITO C. MENDOZA
Representative, TUCP Party-List

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HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
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House Bill No. 4668

Introduced by TRADE UNION CONGRESS PARTY (TUCP PARTY-LIST)
Representative RAYMOND DEMOCRITO C. MENDOZA

AN ACT
EXPANDING THE BENEFITS OF THE SOCIAL SECURITY SYSTEM SO
AS TO PROVIDE FOR UNEMPLOYMENT BENEFITS THEREBY
AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 8282,
OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997.

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

Section 1. Republic Act No. 8282, otherwise known as "Social Security Act of 1997," is hereby amended by inserting a new section after Section 12-B to read as follows:

"Section 12-C. Unemployment or Involuntary Separation Benefits.

– Unemployment benefits in the form of monthly cash support equivalent to the existing monthly minimum wage shall be paid for a maximum of six (6) months to a worker – both in the formal and informal sector – who is separated from the service, or who lost his or her means of livelihood or income due to economic shocks or natural calamities. Provided, that he/she has been paying integrated contributions for at least six (6) months prior to the involuntary unemployment.

Unemployment benefits shall be paid in accordance with the following schedule:

<u>Contributions Made</u>	<u>Benefit Duration</u>
6 months but less than 2 years	1 month
2 or more years but less than 4 years	2 months
4 or more years but less than 6 years	3 months
6 or more years but less than 8 years	4 months
8 or more years but less than 10 years	5 months

1 10 or more years but less than 13 years 6 months
2

3 The first payment shall be equivalent to two (2) monthly benefits if the
4 worker is entitled to at least two months benefit. *Provided*, That a
5 seven-day (7) waiting period shall be imposed on succeeding monthly
6 payments.
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8 **SECTION 2. Implementing Rules and Regulations** – The Social Security
9 System (SSS) shall promulgate the rules and regulations for the effective
10 implementation of this Act within thirty (30) days from approval hereof.
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12 **SECTION 3. Separability Clause** – If any part of this Act is subsequently
13 declared unconstitutional or invalid, other parts or provisions hereof which are
14 not affected thereby shall continue to be in full force and effect.
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16 **SECTION 4. Repealing Clause.** – All laws, decrees, ordinances,
17 administrative orders, rules and regulations, or any part thereof, which are
18 inconsistent with this Act are hereby repealed or amended accordingly.
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21 **SECTION 5. Effectivity.** – This Act shall take effect fifteen (15) days after its
22 publication in at least two (2) newspapers of general circulation.
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25 Approved,
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