

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4930**



Introduced by TUCP Party-List Representative
RAYMOND DEMOCRITO C. MENDOZA

EXPLANATORY NOTE

The Trade Union Congress of the Philippines, as the largest aggrupation of labor federations and labor unions in the country, has consistently espoused and struggled for the realization of the Constitutional mandate of full protection to labor by the State.

It is an established fact that labor, although often referred to as the partner of capital in creating wealth, has perpetually been in the much lesser side of the equation. This is especially in our country whose businesses and industries have never seemed to leapfrog out of economic and financial struggle and distress.

These fiscal troubles, whether imagined or otherwise, have always been the justifications used by employers in objecting to measures that seek to provide more protection and benefits to the labor sector. This is even though other countries, including those even poorer than us, have already afforded a greater level of security and benefit to their labor sector.

In terms of protecting employees' right to security of tenure, the Labor Code of the Philippines, or Presidential Decree No. 442, as amended, lists and limits the authorized causes for employment termination.

Under Article 283, the employer may terminate employment or reduce the total number of personnel due to installation of labor saving devices, redundancy, retrenchment to prevent losses, cessation of operations or closure of the establishment. On the other hand, Article 284 allows termination on the ground of disease.

In all the said instances of authorized causes of termination, the separation pay ranges from payment of half (1/2) month to one (1) month salary for every year of service.

The TUCP believes that last authorized cause of termination, which is disease under Article 284, should be treated differently from the other causes. The worker, who is terminated from employment because he or she suffers from disease of such nature

that his continued employment would be prejudicial to his health or his co-workers, should be treated with more compassion.

The reason is quite obvious. An employee terminated due to such a disease will no longer be able to find gainful employment. This is as compared to those who were terminated due to redundancy and related causes.

This bill seeks the increase of separation pay of employees terminated due to disease, from one month salary or one-half month salary for every year of service, to the equivalent of at least to SIX (6) months salary or TWO months salary for every year of service, whichever is greater.

Moreover, it institutionalizes the issuance of a certification by a competent public health authority that the disease is of such nature or at such stage that it cannot be cured within a period of six (6) months even with proper medical treatment before an employee can be terminated for this cause. Also it mandates that should the employee terminated on such ground regain his health, he shall be entitled to reinstatement to his former position without loss of seniority.

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


RAYMOND DEMOCRITO C. MENDOZA
TUCP Party-List Representative

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HON. RAYMOND DEMOCRITO C. MENDOZA

AN ACT
INCREASING THE SEPARATION PAY OF EMPLOYEES
TERMINATED DUE TO DISEASE, PROVIDING CONDITIONS
FOR SUCH TERMINATION, AMENDING FOR THE PURPOSE
ARTICLE 284 OF PRESIDENTIAL DECREE NO. 442,
OTHERWISE KNOWN AS THE LABOR CODE OF THE
PHILIPPINES, AS AMENDED, AND FOR OTHER PURPOSES.

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

SECTION 1. *Declaration of Policy.* – The State, in accordance with the Constitutional mandate, shall afford full protection to labor. It shall continuously endeavor to provide for security of tenure to workers and ameliorate the welfare of those who have been removed from employment for causes other than their own fault.

SECTION 2. *Amendment of Article 284 of the Labor Code.* – Article 284 of Presidential Decree No. 442, otherwise known as the Labor Code of the Philippines, as amended, is hereby further amended, to read as follows:

"ARTICLE 284. *Disease as ground for termination.* — An employer may terminate the services of an employee who has been found to be suffering from any disease and whose continued

employment is prohibited by law or is prejudicial to his health as well as the health of his co-employees; Provided that A CERTIFICATION IS ISSUED BY A COMPETENT PUBLIC HEALTH AUTHORITY THAT THE DISEASE IS OF SUCH NATURE OR AT SUCH STAGE THAT IT CANNOT BE RESTORED TO HEALTH WITHIN A PERIOD OF SIX (6) MONTHS EVEN WITH PROPER MEDICAL TREATMENT; PROVIDED FURTHER, THAT he is paid separation pay equivalent at least to [one] SIX months salary or TWO [to one-half] months salary for every year of service, whichever is greater, a fraction of at least six months being considered as one whole year; PROVIDED FINALLY, THAT SHOULD THE EMPLOYEE TERMINATED ON SUCH GROUND REGAIN HIS HEALTH, HE SHALL BE ENTITLED TO REINSTATEMENT TO HIS FORMER POSITION WITHOUT LOSS OF SENIORITY."

SECTION 3. *Implementing Rules.* – Within sixty (60) days after the effectivity of this Act, the Secretary of Labor and Employment is hereby mandated to issue its Implementing Rules.

SECTION 4. *Separability Clause.* - If any provision of this Act, or any parts thereof, is declared unconstitutional, the same shall not affect the validity and effectivity of the other portions.

SECTION 5. *Repealing Clause.* - All laws, executive orders, presidential decrees, proclamations, rules, regulations, issuances and enactments of parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 6. *Effectivity.* - This Act shall take effect fifteen (15) days from its complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines, whichever comes earlier.

APPROVED.