

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City



EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 5338

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**Introduced by the Honorable ABRAHAM N. TOLENTINO**

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**EXPLANATORY NOTE**

Businesses engaged in the exploitation and development of natural resources in the Philippines earn millions in their activities. In their business activities, the local residents in the mining areas are often left with the losing side of the bargain because their surroundings get deteriorated. This fact is contrary to what the 1987 Constitution mandates that the local inhabitants of areas where development and exploitation of natural resources activities happen should reap the benefits of the utilization of the natural resources in their place.

It should be highlighted that the 1987 Constitution states that: *"Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits."*

To realize this provision, this representation proposes that the local residents of areas where exploitation of natural resources happen must be given preference when it comes to employment in their business activities. This proposed law has been previously filed by the late Senator Miriam Defensor-Santiago.

The proposed enactment will require businesses engaged in the development and exploitation of natural resources, including mining, quarrying cement manufacturing, logging and power generation, to provide preferential employment to local inhabitants. When passed into law, the residents of said communities will be given their rightful share, in the form of income from employment.

Approval of the foregoing bill is earnestly sought.

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**AN ACT REQUIRING INDUSTRIES ENGAGED IN THE  
EXPLOITATION OF NATURAL RESOURCES TO GIVE PREFERENTIAL  
EMPLOYMENT TO LOCAL RESIDENTS, AMENDING  
FOR THE PURPOSE THE LABOR CODE OF THE PHILIPPINES**

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

Section 1. A new title is hereby added to the Labor Code of the Philippines, Book I  
which shall read as follows:

**"TITLE III. EMPLOYMENT OF RESIDENTS IN INDUSTRIES ENGAGED  
IN THE DEVELOPMENT AND EXPLOITATION OF NATURAL RESOURCES.**

**ARTICLE 43. DEFINITION. — INDUSTRIES ENGAGED IN THE  
DEVELOPMENT AND EXPLOITATION OF NATURAL RESOURCES SHALL  
INCLUDE CORPORATIONS, PARTNERSHIPS, ASSOCIATIONS,  
INDIVIDUALS ENGAGED IN MINING, QUARRYING, MANUFACTURE OF  
CEMENT, LOGGING, GENERATION OF POWER BY STEAM (GEOTHERMAL)  
OR WATER (HYDRO-ELECTRIC), OIL DRILLING AND OTHER EXTRACTIVE  
ACTIVITIES.**

**RESIDENTS SHALL MEAN THOSE WHO HAVE RESIDED FOR A PERIOD OF AT LEAST ONE (1) YEAR IN THE PROVINCE OR CITY WHERE THE ACTIVITY IS CONDUCTED AND HAVE EVINCED A DESIRE TO RESIDE THEREIN PERMANENTLY.**

**ARTICLE 44. CORPORATIONS, PARTNERSHIPS, ASSOCIATIONS OR INDIVIDUALS ENGAGED IN THE DEVELOPMENT AND EXPLOITATION OF NATURAL RESOURCES AS DEFINED IN THE PRECEDING SECTION SHALL GIVE PREFERENCE TO THE EMPLOYMENT OF RESIDENTS OF THE PROVINCE OR CITY WHERE SUCH ACTIVITIES ARE CONDUCTED; PROVIDED, HOWEVER, THAT THE EMPLOYMENT OF MANAGERIAL EMPLOYEES, SHALL ONLY BE MADE UPON CERTIFICATION BY THE BUREAU OF EMPLOYMENT SERVICES THAT NO RESIDENTS ARE QUALIFIED FOR SUCH POSITIONS.**

**ARTICLE 45. A VIOLATION OF THE PRECEDING SECTION SHALL BE DEEMED UNLAWFUL AND SHALL BE PROSECUTED AND PUNISHED UNDER ARTICLES 288 AND 289 OF THIS CODE."**

Section 2. Section 43 is hereby renumbered as Section 46, Section 46 as Section 47 and the succeeding sections of the Labor Code of the Philippines are hereby renumbered accordingly.

Section 3. ***Repealing Clause.*** – All laws, decrees, orders, and issuances, or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

Section 4. **Effectivity.** – This Act shall take effect after fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,