

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

**TWENTIETH CONGRESS**  
First Regular Session

**HOUSE BILL No. 2800**



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**INTRODUCED BY REPRESENTATIVE ROMEO S. MOMO, SR.**

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**EXPLANATORY NOTE**

Section 3, Article XIII of the Constitution explicitly provides that “the State shall afford full protection to labor, local and overseas, organized and unorganized and promote full employment opportunities for all.”

In pursuance of this expressed Constitutional mandate, Congress has the bounden duty to enact legislative measures that will protect and promote the welfare and safety of the people in the labor sector, especially the neglected and demeaned construction workers.

The bill therefore seeks to provide for a magna carta for all construction workers in order to protect their rights to a just and sufficient living wage, to self-organization and collective bargaining, security of tenure, and just and humane conditions of work. Non-compliance with this mandate will be penalized accordingly.

In view of the foregoing reasons, the approval of this important piece of legislation is earnestly sought.

**ROMEO S. MOMO, SR.**

Representative  
1<sup>st</sup> District of Surigao del Sur



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**INTRODUCED BY REPRESENTATIVE ROMEO S. MOMO SR.,**  
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**AN ACT**  
**PROVIDING FOR A MAGNA CARTA FOR WORKERS IN THE CONSTRUCTION**  
**INDUSTRY**

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

**SECTION 1. *Short Title.*** - This Act shall be known as the “*Magna Carta for Workers in the Construction Industry*”.

**SEC. 2. *Declaration of Policy.*** - The State shall afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed, and regulate the relations between workers and employers. The State shall ensure the rights of construction workers to livable and sufficient salary, to self-organization and collective bargaining, security of tenure, and just and humane conditions of work. Toward this end, the employers shall provide a mandatory accident insurance coverage to construction workers for a speedy and efficient delivery of services to compensate for any injury, disability or death arising from any job-related accident or illness suffered during the course of employment.

**SEC. 3. *Coverage.*** - This Act shall apply to all operations and undertakings in the construction industry and its subdivisions, namely: general building construction, general engineering construction and special trade construction, as classified by the Philippine Construction Accreditation Board of the Construction Industry Authority of the Philippines; companies and entities involved in demolition works; and other construction industries as determined by the Secretary of Labor and Employment.

**SEC. 4. Definition of Terms.** - As used in this Act, the following terms shall mean:

- a. **Accident Insurance** - refers to an insurance against bodily injury or death of construction worker arising from an accident. It is a form of insurance that undertakes to indemnify the construction worker against expense, loss of time and suffering resulting from accidents causing him physical injury, including the payment of a fixed sum to workers' heirs in case of death by accident within the term of the policy.
- b. **Casual employees** - refer to those employed to perform work not related to the main business of the employer. Casual employees who are employed for at least one year, whether continuous or broken, shall be considered regular with respect to the nature of employment. The employment shall continue except for a just or authorize cause, or voluntary termination by the employee.
- c. **Construction** - refers to the following:
  - i. building including excavation and the construction, structural alteration, renovation, repair, maintenance (including cleaning and painting) and demolition of all types of buildings or structures;
  - ii. civil engineering including excavation and construction, structural alteration, repair, maintenance and demolition of airports, docks, harbors, inland waterways, dams, river and sea defence works, roads and highways, railways, bridges, tunnels, viaducts and works related to the provision of services such as communications, drainage, sewerage, water and energy supplies; and
  - iii. the erection and dismantling of prefabricated buildings and structures, as well as the manufacturing of prefabricated elements in the construction site.
- d. **Construction Site** - refers to any site at which any of the processes or operations described in Section 4a are carried on.
- e. **Construction Workers** - refer to persons engaged in construction like tradesmen, laborers, or skilled workers employed in the physical construction of a built environment and its infrastructures such as carpenter, electrician, heavy equipment operator, ironworker, laborer, mason, painter, plasterer, plumber, pipe fitter, sheet metal worker, steel fixer and welder.

- f. **Employer or Contractor** - refers to a contractor or subcontractor who employs at least ten (10) construction workers to perform construction works or services for hire, including corporation, partnership, limited liability company, association or group of persons.
- g. **Group Personal Accident Insurance** - refers to a type of insurance coverage for construction workers to entitle them or their beneficiaries insurance benefits in case of injury, permanent disability or death.
- h. **Insurance Company** - refers to a corporation that provides coverage, in the form of compensation resulting from loss, damages, injury, treatment or hardship in exchange for premium payment.
- i. **Non-project employees** - refer to those employed without reference to any particular construction project.
- j. **Probationary employees** - refer to those who, upon the completion of the probationary period, are entitled to regularization. Upon their engagement, probationary employee should be informed of the reasonable standards under which they will qualify as regular employees.
- k. **Project employees** - refer to those employed in connection with a particular construction project and whose employment is co-terminus with its project.
- l. **Regular employees** - refer to those workers who completed the probationary period or those assigned to fill up regular positions vacated as a result of death, retirement, resignation or termination of employment of the regular holders thereof.
- m. **Trade union** - refers to a combination or workers of the same trade or of several allied trades, for purpose of united action for favorable conditions regarding wages, hours of work and other terms and conditions of employment for its members.

## **SEC. 5. Employment Status. -**

**5.1. Classification of employees.** - The employees in the construction industry are generally categorized as:

- a. project employees; and
- b. non-project employees.

**5.2. Requisite of Project employment.** - Either one or more of the following circumstances, among others, may be considered as requisite for project employee:

- a. The duration of the specific/identified undertaking for which the worker is engaged is reasonably determinable.

- b. Such duration, as well as the specific work/service to be performed, is defined in an employment agreement and is made clear to the employee at the time of hiring.
- c. The work/service performed by the employee is in connection with the particular project/undertaking for which he is engaged.
- d. The employee, while not employed and awaiting engagement, is free to offer his services to any other employer.
- e. The termination of his employment in the particular project/undertaking is reported to the Department of Labor and Employment (DOLE) Regional Office having jurisdiction over the workplace within 30 days following the date of his separation from work, using the prescribed form on employees' terminations/dismissals/suspensions.
- f. An undertaking in the employment contract by the employer to pay completion bonus to the project employee as practiced by most construction companies.

**5.3. Project completion and rehiring of workers. -**

- a. The workers of a particular project are assigned in different phases. The completion of a specific phase of a project is considered a completion by the employee.
- b. Upon completion of a phrase or project, the project employee may be rehired for another undertaking. The last day of service of the employee in the preceding project shall be indicated in the contract.

**5.4. Types of non-project employees. -** The types of non-project employees:

- a. Probationary employees;
- b. Regular employees; and
- c. Casual employees.

**5.5. Contracting and subcontracting. -** The practice of contracting out certain phases of a construction project is recognized by law. P.D. 442, as amended, otherwise known as the "Labor Code of the Philippines" and its Implementing Regulations and Regulations specifically Department Order No. 174, allows the contracting out of jobs under certain conditions. Where such job contracting is permissible, the construction workers are generally considered as employees of the contractor or subcontractor, as the case may be.

**SEC. 6. Conditions of Employment. -**

**6.1. Security of tenure. -** Project employees who have become regular shall enjoy security of tenure in their employment as provided under Article 280 of the Labor Code, as amended. Where their services are terminated for a cause/causes, they are not by law entitled to separation pay. The just causes for terminating employment are enumerated under Article 282 of the Code. Where the services of regular employees are terminated for any of the authorized causes under Article 283, as distinguished from just causes, they are entitled to separation pay.

**6.2. Project employees not entitled to separation pay.** - The project employees are not entitled to separation pay if their services are terminated as a result of the completion of the project or any phase thereof in which they are employed. Likewise, project employees whose services are terminated because their services are no longer needed in the particular phase of the project are not by law entitled to separation pay.

**6.3. Project employees entitled to separation pay.** - Project employees who have rendered at least one year of service shall be considered as regular employees and are entitled to separation pay.

A "day" as used herein, is understood to be that which must necessarily come, although it may not be known exactly when. This means that where the final completion of project or phase thereof is in fact determinable and the expected completion is made known to the employee, such project employee may not be considered regular, notwithstanding the one-year duration of two or more employments in the same projects or phase of the project.

The completion of the project or any phase thereof is determined on the date originally agreed upon in the contract. However, it can be extended with the mutual of the contractor and the project employee.

In case the project employee is terminated without just or authorized cause, and the project has not been completed, the worker is entitled to reinstatement with back wages. If the reinstatement is no longer possible, the employee is entitled to salaries for the unexpired portion of the agreement.

**6.4. Completion of the project.** - Project employees who are separated from work as a result of the completion of the project or a phase are entitled to pro-rata completion bonus. The pro-rate completion bonus shall be based on the industry practice which is one half (1/2) month salary for every year of service.

**6.5. Statutory benefits.** - During the period of employment, the construction employees whether project or non-project shall enjoy all the benefits due to them under the law, both monetary and non-monetary.

**6.6. Regional minimum wage.** - The prevailing minimum wage rates of workers where the construction is located must be implemented.

**SEC. 7. Preventive Suspension.** - Project and non-project employees may be preventively suspended if the employee's continued employment poses a serious and imminent threat to the life or property of the employer or of the co-workers. No preventive suspension, however, shall last longer than fifteen (15) days. The employer shall thereafter reinstate the worker's former position or the employer may extend the period of suspension provided that during the period of extension, he pays the wages and other benefits due to the worker. The employer shall designate a day, time and place within the period of preventive suspension, with notice to the employee, to hold a fact-finding investigation, to enable the suspended employee to be heard and be assisted by his counsel or representative. Such termination shall not prejudice the right of the employee to question the severance of the relationship in the appropriate forum.

**SEC. 8. *Self-Organization and Collective Bargaining.*** - In recognition of the right of employees to self-organization and collective bargaining, this Act hereby encourages the formation of trade unions in the construction industry, provided that the formation or activities of a recognized trade unions will not prejudice existing bargaining units, subject to existing laws.

**SEC. 9. *Responsibilities of the Employer and the Workers.***

**9.1 *Requirements of labor and social legislations.*** -

- a. The construction company and the contractor and subcontractor shall be responsible for the workers in its employ on matters of compliance with the requirements of existing laws and regulations on hours of work, wages, wage-related benefits, health, safety and social welfare benefits including submission to the DOLE-Regional Office of work accident or illness report, monthly report on terminations, dismissals, suspensions and other reports. The contractor shall exercise sound judgement and discretion in contracting out projects to ensure compliance with labor standards.
- b. Project and non-project employees shall observe the requirements of labor and social legislations and reasonable company rules and regulations on matters pertaining to their obligations.

**9.2 *Implementation of Safety and Health Standards.*** - The employer shall strictly comply with occupational safety and health standards provided for in R.A. No. 11058 (Strengthening Compliance with Occupational Safety and Health Standards). The worker shall cooperate with the employer in carrying out the provisions of the said law, and comply with prescribed safety and health procedures to prevent or control work-related accidents and diseases.

**SEC. 10. *Wage Increases.*** - Wage increases, whether mandated or agreed upon by the parties, the prescribed increase in the wage rates of the workers in construction projects shall be borne by the principals or clients of the construction contractors and the contracts shall be deemed amended accordingly. The wage rates of project employees are dependent on the skills or level of competence of such project employees as determined by the Technical Education and Skills Development Authority (TESDA) provided that the rates established shall not be lower than the wage order issued by the Regional Tripartite and Wages Productivity Board (RTWPB).

**SEC. 11. *Employer's Responsibility and Liability.*** - The employer, contractor and subcontractor, if any, and any person who manages, controls or supervises the work being undertaken shall be jointly and solidarily liable for compliance with this Act.

**SEC. 12. *Visitorial and Enforcement Power.*** - Pursuant to Article 128 of P.D. 442, as amended, otherwise known as the "Labor Code of the Philippines", and other applicable laws, the Secretary of Labor and Employment or the Secretary's authorized

representatives shall have the authority to enforce mandatory occupational safety and health standards in all establishments, and conduct, together with labor and employer representatives, an annual spot audit to ensure compliance with the provisions of this Act. The Secretary or the Secretary's duly authorized representatives can enter workplaces at any time of the day or night where work is being performed, to examine records and investigate facts, conditions or matters necessary to determine compliance with the provisions of this Act.

No person or entity shall obstruct, impede, delay or otherwise render ineffective the orders of the Secretary of Labor and Employment or the Secretary's duly authorized representatives, issued pursuant to the authority granted under Article 128 of the Labor Code of the Philippines, as amended, and no inferior court or entity shall issue a temporary or permanent injunction or restraining order or otherwise assume jurisdiction over any case involving the enforcement orders.

The Secretary of Labor and Employment may likewise order stoppage of work or suspension of operations of any unit or department of an establishment when noncompliance with law or implementing rules and regulations poses grave and imminent danger to the health and safety of workers in the workplace.

The Secretary of Labor and Employment or the Secretary's duly authorized representatives shall inspect establishments and workplaces regardless of the size and nature of operation, and shall disallow self-inspection or any form of employer discretion-based compliance with occupational safety and health laws. However, chartered cities may be allowed to conduct industrial safety inspections of establishments within their jurisdiction in coordination with the DOLE: *Provided*, that they have adequate facilities and competent personnel for the purpose as determined by the DOLE and subject to national standards established by the latter.

**SEC. 13. *Employee's Compensation Claim.*** - A worker may file claims for compensation benefit arising out of work-related disability or death. Such claims shall be processed independently upon the finding of fault, gross negligence or bad faith of the employer in a proceeding instituted for the purpose.

**SEC. 14. *Employment Insurance.*** - A worker who is involuntarily separated from service or employment due to a violation of this Act shall be entitled to a monthly cash benefit equivalent to the existing monthly minimum wage for a maximum of six (6) months: *Provided*: That the worker has at least six (6) months of contribution prior to the involuntary separation. For this purpose, the Social Security System (SSS) shall promulgate the appropriate rules and regulations.

**SEC. 15. *Mandatory Insurance Coverage.*** - All construction workers employed in a construction project or site shall be provided with a group personal accident insurance coverage by the employer. The duration of the insurance shall start from the commencement of the service of the construction worker until the completion of the construction project or upon the termination of the employment contract.

Nothing in this Act shall be construed to diminish any benefit or privileges which the workers are entitled under existing laws, decrees, executive orders, company policy, practice or any agreement or contract between the employer and employees.

**SEC. 16. *Responsibility for Payment of Insurance Premiums.*** - The employer or contractor shall be solely responsible to ensure the prompt payment of the premiums to the insurance company, which in no case shall be deducted from the wages of the construction workers.

**SEC. 17. *Insurance Coverage*** - Every construction worker shall be covered by the following benefits under this Act:

**1) *Death and Burial Benefits.*** - In the event of death during the period of his employment contract, the beneficiaries of the construction worker shall be entitled to the following benefits: the amount of One hundred fifty thousand pesos (150,000.00) to deaths occurred in line of work; the amount of Seventy-five thousand pesos (P75,000.00) for natural death; and the amount of One hundred thousand pesos (P100,000.00) for accidental death. In addition to the death benefits herein provided, a burial benefit of Thirty thousand pesos (P30,000.00) shall be paid to the beneficiaries within forty-eight (48) hours after written notice and declaration of death;

**2) *Total and Permanent Disability.*** - In the event of total and permanent disability as determined by the Department of Labor and Employment (DOLE), a construction worker shall be entitled to Seventy-five thousand pesos (P75,000.00); *Provided*, That the disability occurred in a construction site or while performing work-related tasks. In addition to the death benefits herein provided, a burial benefit of Thirty thousand pesos (P30,000.00) shall be paid to the beneficiaries in the event that death occurs within two (2) years from the onset of total and permanent disability;

Any construction worker who may avail of the benefits under this Section 17 (2) of this Act cannot benefit from Sections 17 (1) and (3) herein.

**3) *Injuries Resulting from Accidents.*** - For injuries resulting from an accident occurring during the period of his employment contract, while performing his assigned tasks, a construction worker shall be entitled to the following benefits:

- a. For the permanent loss of sight in both eyes, Fifty thousand pesos (50,000.00);
- b. For the permanent loss of sight in one eye, Twenty-five thousand pesos (25,000.00);
- c. For permanent loss of two or more limbs, Fifty thousand pesos (50,000.00);
- d. For the loss of one limb, Twenty-five thousand pesos (25,000.00);
- e. For the loss or destruction of both hands or above the wrists, Fifty thousand pesos (50,000.00);

- f. For the loss or destruction of both hands or above the wrists, Fifty thousand pesos (50,000.00);
- g. For the loss or destruction of one hand or above the wrists, Twenty-five thousand pesos (25,000.00);
- h. For the loss or destruction of one foot or above the ankles, Fifty thousand pesos (50,000.00);
- i. For the loss or destruction of one foot or above the ankles, Fifty thousand pesos (50,000.00);
- j. For loss of one hand and one foot, the amount of Fifty thousand pesos (P50,000.00);
- k. For loss of one foot and sight of one eye, the amount of Fifty thousand pesos (P50,000.00);
- l. For the loss or destruction of every thumb or great toe, Fifteen thousand pesos (15,000.00); and
- m. For the loss or destruction of every finger or toe, Ten thousand pesos (10,000.00).

**4) Hospitalization.** - For any illness developed during the course of employment or any work-related injury requiring hospitalization of at least thirty (30) days, Twenty thousand pesos (P20,000.00), and in cases where the hospitalization is less than thirty (30) days, at such amount not exceeding Ten thousand pesos (P 10,000.00) as determined by the Department of Labor and Employment.

**SEC. 18. Health Insurance.** - In addition to the compensation that shall accrue to the worker in the preceding section, every construction worker shall likewise be entitled to receive fair and prompt medical benefits in cases where the illness is directly attributable to or was developed in the course of employment. This is meant to cover loss of wages due to workplace exposure.

**SEC. 19. Limitations of Insurance Coverage.** - No construction worker or his beneficiary shall be entitled to the benefits granted under this Act when the injury, disability or death is caused by any of the following:

- a. intoxication;
- b. willful intention to injure or kill himself or another; and
- c. gross negligence.

**SEC. 20. Penalties.** - Any person, partnership or corporation who violates the provisions of this Act shall suffer the following penalties:

For the first offense - a fine of not less than Two hundred thousand pesos (P200,000.00) nor more than Three hundred thousand pesos (P300,000.00);

For subsequent violations - an imprisonment of not less than one (1) year but nor more six (6) years or a fine of not exceeding Five hundred thousand pesos (P500,000.00) or both, at the discretion of the court.

If the offender is committed by a partnership or corporation, the penalty provided herein shall be imposed on the president, managing director or chief operating officer.

If the offender is a foreigner, he shall, after payment of the fine and/or service of the sentence, be subject to deportation.

Upon filing of the appropriate complaint or information, the Secretary of Labor and Employment shall request the appropriate local government unit to cancel or revoke the business permit, permit to operate and other similar privileges granted to any business entity or person that fails to abide by or violates the provisions of this Act.

The penalties imposed under this Act is without prejudice to the penalty that may be imposed under the Labor Code.

**SEC. 21. *Implementing Rules and Regulations.*** - The DOLE, in coordination with agencies concerned, shall formulate its rules and regulations within ninety (90) days after the effectivity of this Act.

**SEC. 22. *Separability Clause.*** - If any provision, or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid.

**SEC. 23. *Repealing Clause.*** - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provision of this Act is hereby repealed, modified or amended accordingly.

**SEC. 24. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

*Approved.*