

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10908



Introduced by REP. EMILIO BERNARDINO L. YULO

EXPLANATORY NOTE

Republic Act No. 6982 was enacted in 1991 to establish the Social Amelioration Program (SAP) for workers in the sugar industry. The law provides that a lien is imposed on domestically produced sugar, the proceeds of which are used to provide cash bonuses and fund socioeconomic programs for sugar workers. More than thirty-five (35) years since its enactment, however, certain provisions of the law no longer reflect the present conditions of the sugar industry.

The Five Peso (Php 5.00) per picul lien, or its equivalent in LKG, has remained largely unchanged despite the significant increase in the cost of living since the passage of Republic Act No. 6982. As a result, the value of the assistance generated from the lien has significantly diminished over time.

The sugar industry itself has also changed. In recent years, the country has increasingly resorted to the importation of raw and refined sugar to address domestic supply requirements. While imported sugar is released and sold in the same domestic market as locally produced sugar, it does not contribute to the Social Amelioration Program. The burden of funding the Program therefore continues to fall on local sugar producers. At the same time, imported sugar enters and competes in the domestic market without being subject to the same lien intended for the benefit of workers whose livelihoods depend on the sugar industry.

This bill seeks to address these concerns by extending the Social Amelioration Program lien to imported sugar and updating the applicable lien rate. It likewise provides for periodic adjustments based on inflation, in place of the existing automatic increases, and updates the collection and remittance process to provide for electronic reporting and closer coordination among the Bureau of Customs, the Sugar Regulatory Administration, and the Department of Labor and Employment.

These amendments are intended to strengthen the Social Amelioration Program and ensure a more equitable sharing of responsibility for the welfare of sugar workers. The measure seeks to provide a more sustainable source of support for the workers who remain an essential part of the Philippine sugar industry by requiring both locally produced and imported sugar to contribute to the Program.

In view of the foregoing, the approval of this bill is earnestly sought.


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AN ACT
AMENDING REPUBLIC ACT NO. 6982, OTHERWISE KNOWN AS THE "SOCIAL
AMELIORATION PROGRAM IN THE SUGAR INDUSTRY ACT," TO EXPAND THE
IMPOSITION OF THE SOCIAL AMELIORATION LIEN TO IMPORTED SUGAR,
UPDATE THE LIEN RATE, PROVIDE FOR PERIODIC ADJUSTMENTS,
MODERNIZE COLLECTION AND REMITTANCE MECHANISMS, AND FOR
OTHER PURPOSES

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

SECTION 1. Section 7 of Republic Act No. 6982 is hereby amended to read as follows:

SECTION 7. Social Amelioration Lien; Distribution; Collection and Remittance.

- a) A lien of **TWENTY PESOS (PHP 20.00) PER LKG ON DOMESTICALLY PRODUCED SUGAR AND A LIEN OF FORTY PESOS (PHP 40.00) PER FIFTY-KILOGRAM (50-KG) BAG OF IMPORTED SUGAR** shall be imposed on the gross production of sugar **AND ON ALL IMPORTED RAW, REFINED, BOTTLER’S GRADE, AND WASHED SUGAR,** to primarily augment the income of sugar workers and finance social and economic programs to improve their livelihood and well-being.

THE LIEN IMPOSED ON DOMESTICALLY PRODUCED SUGAR SHALL BE BORNE BY THE SUGAR PLANTERS AND MILLERS IN PROPORTION TO THEIR CORRESPONDING MILLING SHARE. THE LIEN ON IMPORTED SUGAR SHALL BE BORNE BY THE IMPORTER OF RECORD.

THE AMOUNT OF THE LIEN SHALL BE REVIEWED EVERY THREE (3) YEARS BY THE SECRETARY OF LABOR AND EMPLOYMENT, UPON RECOMMENDATION OF THE SUGAR TRIPARTITE

COUNCIL AND IN CONSULTATION WITH THE SUGAR REGULATORY ADMINISTRATION, TAKING INTO CONSIDERATION INFLATION, PREVAILING SUGAR PRICES, COST OF PRODUCTION, AND THE NEED TO PRESERVE THE REAL VALUE OF THE SOCIAL AMELIORATION PROGRAM.

THE LIEN SHALL CONSTITUTE A FIRST LIEN UPON THE SUGAR COVERED BY THE CORRESPONDING SUGAR QUEDANS, WAREHOUSE RECEIPTS, IMPORT DOCUMENTS, OR OTHER EQUIVALENT COMMERCIAL DOCUMENTS.

(b) Eighty percent (80%) of the lien, including any and all incomes or interests derived therefrom, shall be distributed as cash bonus to each worker in the sugar farm or mill based on the proportion of work rendered by him. The cash bonus share of the worker shall be collected by the sugar mills and released to planters associations in the case of affiliated planters, or directly to unaffiliated planters, for distribution to their respective workers. The cash bonus share of the mill workers shall be held in trust by the mills for distribution to the workers.

The remaining twenty percent (20%) of the lien shall be collected by the sugar mills and to be remitted to the DOLE and utilized pursuant to Section 10 hereof.

THE CASH BONUS PORTION DERIVED FROM IMPORTED SUGAR SHALL BE DISTRIBUTED AMONG QUALIFIED SUGAR WORKERS IN ACCORDANCE WITH EQUITABLE GUIDELINES TO BE PRESCRIBED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT, UPON RECOMMENDATION OF THE SUGAR TRIPARTITE COUNCIL.

(c) The collection of the lien shall be made upon the withdrawal or release of the sugar from the mill warehouse but in no case beyond one hundred eighty (180) days from the date of the issuance of the corresponding sugar quedans or warehouse receipts: provided, that, after said one hundred eighty (180) days, the miller shall advance whatever amount is necessary to pay such lien and charge the holder of said sugar quedans or warehouse receipts the amount so paid and such reasonable rate of interest as may be prevailing in the banking community.

FOR IMPORTED SUGAR, THE LIEN SHALL BE COLLECTED BY THE BUREAU OF CUSTOMS PRIOR TO THE RELEASE OF THE IMPORTED SUGAR FROM CUSTOMS CUSTODY. NO IMPORTED SUGAR SHALL

BE RELEASED UNTIL THE SOCIAL AMELIORATION PROGRAM LIEN HAS BEEN FULLY PAID.

THE BUREAU OF CUSTOMS SHALL REMIT ALL COLLECTIONS TO THE DEPARTMENT OF LABOR AND EMPLOYMENT WITHIN FIFTEEN (15) DAYS FROM COLLECTION, TOGETHER WITH AN ELECTRONIC REPORT CONTAINING THE NAME OF THE IMPORTER, VOLUME IMPORTED, DATE OF IMPORTATION, CUSTOMS ENTRY NUMBER, AND AMOUNT COLLECTED.

(d) It shall be the duty of every sugar mill to remit the lien collected within **FIFTEEN (15) DAYS** from the date of collection thereof.

ALL COLLECTIONS AND REMITTANCES SHALL BE MADE THROUGH AN ELECTRONIC REPORTING SYSTEM JOINTLY PRESCRIBED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT, THE SUGAR REGULATORY ADMINISTRATION, AND THE BUREAU OF CUSTOMS.

FAILURE TO REMIT WITHIN THE PRESCRIBED PERIOD SHALL SUBJECT THE RESPONSIBLE PARTY TO INTEREST AT THE PREVAILING LEGAL RATE, ADMINISTRATIVE SANCTIONS, SUSPENSION OF APPLICABLE PERMITS OR CLEARANCES AS MAY BE AUTHORIZED BY LAW, AND THE PENALTIES PROVIDED UNDER THIS ACT.

The cash bonus portion of the lien shall, in turn, be distributed to sugar workers concerned within one (1) month from the date of remittance.

All penalties for non-remittance of lien collected shall accrue to the social and economic programs for the sugar workers. Such penalties for non-distribution of the cash bonus shall accrue to the sugar workers concerned.

SEC. 2. Section 10 of Republic Act No. 6982 is hereby amended to read as follows:

SEC. 10. Socioeconomic Plans and Programs; Operation of Councils. – On recommendation of the Sugar Tripartite Council, the Secretary of Labor and Employment shall use the twenty percent (20%) share herein allocated for socioeconomic programs, and any and all incomes or interests earned thereon, for the following:

- a) Five percent (5%) for sugar workers death benefit program;

- b) Nine percent (9%) for socioeconomic projects for the sugar workers undertaken by the Bureau of Rural Workers, planters/millers organizations, workers organizations and/or the Sugar Industry Foundation, Inc.;
- c) Three percent (3%) for maternity benefits for the women sugar workers in addition to existing benefits granted by law or collective bargaining agreements: provided, that maternity benefits provided herein shall be paid only for the first four (4) deliveries; and
- d) Three percent (3%) for administrative expenses of the Sugar Tripartite Council the District Tripartite Councils and the Bureau of Rural Workers of the Department of Labor and Employment in implementing this Act.

PROVIDED, THAT THE SUGAR TRIPARTITE COUNCIL MAY, SUBJECT TO THE APPROVAL OF THE SECRETARY OF LABOR AND EMPLOYMENT, REALLOCATE THE PERCENTAGES AMONG THE FOREGOING PROGRAMS TO RESPOND TO CHANGING CONDITIONS, PROVIDED FURTHER, THAT NOT LESS THAN EIGHTY PERCENT (80%) OF TOTAL COLLECTIONS SHALL AT ALL TIMES BE RESERVED FOR THE DIRECT BENEFIT OF SUGAR WORKERS.

THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL PRIORITIZE PROGRAMS ON HEALTH CARE, EDUCATION, LIVELIHOOD, HOUSING, DISASTER ASSISTANCE, RETIREMENT SUPPORT, AND SKILLS DEVELOPMENT FOR SUGAR WORKERS AND THEIR IMMEDIATE FAMILIES.

SEC. 3. Section 11 of Republic Act No. 6982 is hereby amended to read as follows:

Section 11. Implementing Agency. – Subject to the provisions of this Act, the Secretary of Labor and Employment shall implement the sharing scheme as provided herein and, upon consultation with the Sugar Tripartite Council, promulgate such rules and regulations as may be necessary to carry out the provisions of this Act, including those for the efficient collection, monitoring and equitable distribution of the lien and such benefits as are provided for or allowed herein.

The Bureau of Rural Workers of the Department of Labor and Employment created under Presidential Decree No. 1365, as amended, shall assist the Secretary of Labor and Employment in carrying out the provisions of this Act and such rules and regulations promulgated pursuant thereto.

THE DEPARTMENT OF LABOR AND EMPLOYMENT, IN COORDINATION WITH THE SUGAR REGULATORY ADMINISTRATION AND THE BUREAU OF CUSTOMS, SHALL ESTABLISH AN ELECTRONIC COLLECTION, MONITORING, REPORTING, AND AUDITING SYSTEM FOR ALL SOCIAL AMELIORATION PROGRAM LIENS.

ALL SUGAR MILLS, IMPORTERS, CUSTOMS BROKERS, AND OTHER PERSONS OR ENTITIES REQUIRED TO SUBMIT INFORMATION UNDER THIS ACT SHALL SUBMIT ELECTRONIC REPORTS IN THE FORM PRESCRIBED BY THE DEPARTMENT.

THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL PUBLISH AN ANNUAL REPORT CONTAINING THE FOLLOWING:

- (a) TOTAL LIENS COLLECTED;**

- (b) TOTAL BENEFICIARIES;
- (c) TOTAL CASH BONUSES DISTRIBUTED;
- (d) PROGRAMS FINANCED;
- (e) UNCLAIMED BENEFITS; AND
- (f) SUCH OTHER INFORMATION AS MAY PROMOTE TRANSPARENCY AND ACCOUNTABILITY.

SEC. 4. Section 13 of Republic Act No. 6982 is hereby amended to read:

SEC. 13. Penal Sanctions. ANY PERSON WHO WILLFULLY FAILS TO COLLECT, REMIT, ACCOUNT FOR, OR DISTRIBUTE THE LIEN REQUIRED UNDER THIS ACT SHALL BE PUNISHED BY IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR MORE THAN SIX (6) YEARS, OR A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (PHP 100,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (PHP 500,000.00), OR BOTH, AT THE DISCRETION OF THE COURT, WITHOUT PREJUDICE TO CIVIL, ADMINISTRATIVE, OR OTHER CRIMINAL LIABILITY UNDER EXISTING LAWS.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty shall be imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officer, general manager, managing director or partner.

SEC. 5. A new Section is hereby inserted after Section 15 of Republic Act No. 6982, to read as follows:

SEC. 16. CONGRESSIONAL REVIEW. – THE SECRETARY OF LABOR AND EMPLOYMENT SHALL SUBMIT TO THE SENATE OF THE PHILIPPINES AND THE HOUSE OF REPRESENTATIVES, NOT LATER THAN MARCH 31 OF EVERY YEAR, AN ANNUAL REPORT ON THE IMPLEMENTATION OF THIS ACT. THE REPORT SHALL INCLUDE, AMONG OTHERS, THE TOTAL AMOUNT OF LIENS COLLECTED, REMITTED, AND DISBURSED; THE NUMBER OF BENEFICIARIES; THE STATUS OF PROGRAMS FUNDED UNDER THIS ACT; AUDIT FINDINGS, IF ANY; AND RECOMMENDATIONS FOR THE FURTHER STRENGTHENING OF THE SOCIAL AMELIORATION PROGRAM."

SEC. 6. The succeeding sections of Republic Act No. 6982 affected by the insertion of the new sections under this Act are hereby renumbered accordingly.

Approved,