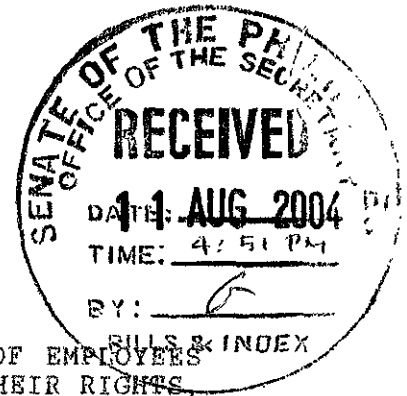


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THIRTEENTH CONGRESS OF THE )  
 REPUBLIC OF THE PHILIPPINES )  
 FIRST REGULAR SESSION )

S. NO. 1722



AN ACT  
 RATIONALIZING THE SECURITY OF TENURE OF EMPLOYEES  
 IN THE PRIVATE SECTOR, STRENGTHENING THEIR RIGHTS,  
 PROHIBITING CONTRACTING-OUT OF WORK, AND FOR OTHER  
 PURPOSES.

## EXPLANATORY NOTE

Introduced by Senator ALFREDO S. LIM

The Constitution guarantees the right of workingmen to security of tenure. Existing labor legislations seek to give meaning to it.

It is, however, unfortunate and pathetic that smart employers have found a way out to comply with what the law had ordained by preventing an employee from attaining a regular status: one, by preventing the employee from completing his six (6) months period of probation; the other, by contracting-out the work to the so-called independent contractors.

Both schemes had legally evaded the employee's prospect of attaining his regular status, albeit having worked for several years with the employer.

It is high time we put a stop to these pernicious and evil schemes and give justice to the employees. ~~they have~~ long deserved!

Thus, under this bill, an employee is immediately entitled to security of tenure upon being hired. His service can not be abruptly cut short except for causes allowed by

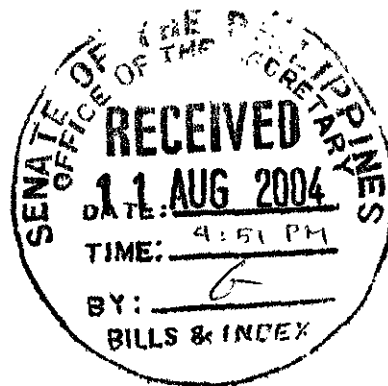
the Labor Code. And, if the employer dismisses him before the completion of the one-year period, the employer becomes liable to the payment of separation pay corresponding to the unfinished portion of the term.

If, on the other hand, the employer allows the employee to continue for more than a month after the lapse of the one-year term from hiring, the employee becomes regular or permanent. If dismissed illegally, he will be entitled to the payment of backwages until reinstated.

Under the bill, labor-only contracting will be limited to purely contractual jobs that have no relevance with nor connected with the business of the employer as to be entitled to recognition. But, if the work contracted out is necessarily part of the employer's business, an employer-employee relationship shall be deemed to exist, the contractor being relegated to one as recruiter or procurer of the job.

  
ALFERDO S. LIM  
Senator

THIRTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
FIRST REGULAR SESSION )



SENATE  
S.B. No. 1722

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Introduced by SENATOR ALFREDO S. LIM

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AN ACT  
RATIONALIZING THE SECURITY OF TENURE OF EMPLOYEES IN THE  
PRIVATE SECTOR, STRENGTHENING THEIR RIGHTS, PROHIBITING  
CONTRACTING-OUT OF WORK, AND FOR OTHER PURPOSES.

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

SECTION 1. This Act shall be known as the "Rationalized  
Security of Tenure Act of 2004".

SECTION 2. Any provision of law, rules and regulations  
to the contrary notwithstanding, employees in the private  
sector who have rendered work for a period of one (1) year,  
whether continuous or broken and regardless of any time  
interval between them, shall be considered regular employees  
and entitled to security of tenure as provided in Art. 279  
of P.D. 442 as amended, otherwise known as the Labor Code of  
the Philippines.

SECTION 3. An employee who has rendered service for  
less than one (1) year may not be terminated unless for any  
of the causes specified under Articles 282, 283 or 284 of  
the Labor Code; provided, however, that an employee who has  
not attained regular status but is terminated not for any of  
the said just causes before completing his one (1) year of  
service shall be entitled to separation benefits  
corresponding to the remaining period necessary to complete  
his one (1) year to attain regular status.

SECTION 4. The period of six (6) months provided for in  
Art. 281 of the Labor Code is hereby increased to one (1)  
year.

SECTION 5. The period of one (1) year fixed in this Act  
shall comprise the duration of service rendered after the  
effectivity of this Act and shall exclude those rendered  
prior thereto regardless of duration.

SECTION 6. This Act shall not apply to domestic  
helpers, apprentices, seafarers, project employees and  
retail or service enterprises employing not more than ten  
(10) workers including the owner and the managers.

SECTION 7. This Act shall not cover employees who have attained regular status or those whose probation period of six (6) months under Art. 281 of the Labor Code are in effect upon the effectivity of this Act.

SECTION 8. Upon the effectivity of this Act, no employer may contract out the work necessarily essential to or inherent in the nature of its business to labor-only contracting agencies; provided, however, that employers with ongoing contracts may be allowed to finish the term of such contracts but not beyond one (1) year from the effectivity hereof; provided, further, that the employees under such arrangement shall be credited with the duration served during the effectivity of this Act for the purpose of computing the one (1) year period of service for regular status; and, provided, finally, employers who continue to contract-out its work in violation of this Act shall be considered as direct employers of the said employees and shall be jointly and severally liable with the labor-only contractors for all compensation and monetary benefits due the employees under all labor legislations.

SECTION 9. This Act shall take effect upon its approval.

Approved \_\_\_\_\_