

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'13 AUG 28 P2:19

SENATE

Senate Bill No. 1373

RECEIVED BY: *Jei*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

Article II, Section 8 of the Philippine Constitution provides that "the State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare." Concomitantly, Article XIII, Section 3 of the Constitution also provides that "the State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all."

Despite these constitutional mandates, there are existing legislations that prejudice the rights of workers. One such legislation is P.D. 902-A, as amended. Section 6(c) of said Decree provides that "upon appointment of a management committee, rehabilitation receiver, board or body, all actions for claims against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board or body shall be suspended accordingly."

Section 6(c) of P.D. 902-A should be applied only to the enforcement of established rights and should not include proceedings including claims which have yet to be ascertained as it will not result yet to dissipation of assets of the involved corporations, partnerships or associations.

The preference of credit enjoyed by labor claims of unpaid wages and other monetary claims in case of bankruptcy or liquidation of the employer's business as provided under the Implementing Rules of the Labor Code is defeated by Section 6(c).

This Bill, therefore, seeks to exempt labor claims against corporations, partnerships or associations under management or receivership from the operation of Section 6(c) of P.D. 902-A.

Early approval of this Bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT

EXEMPTING LABOR CLAIMS FROM ACTIONS TO BE SUSPENDED AGAINST CORPORATIONS, PARTNERSHIPS OR ASSOCIATIONS UNDER MANAGEMENT OR RECEIVERSHIP, AMENDING FOR THE PURPOSE SECTION 6(C) OF P.D. 902-A, AS AMENDED, AND OTHER PURPOSES

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

SECTION 1. Subparagraph c of Section 6 of Presidential Decree 902-A, as amended, is hereby further amended to read as follows:

"(c) To appoint one or more receivers of the property, real and personal, which is the subject of the action pending before the Commission in accordance with the pertinent provisions of the Rules of Court in such other cases whenever necessary in order to preserve the rights of the parties-litigants and/or protect the interest of the investing public and creditors: Provided, however, that the Commission may, in appropriate cases, appoint a rehabilitation receiver of corporations, partnerships or other associations not supervised or regulated by other government agencies who shall have, in addition to the powers of a regular receiver under the provisions of the Rules of Court, such functions and powers as are provided for in the succeeding paragraph d) hereof: Provided, further, that the Commission may appoint a rehabilitation receiver of corporations, partnerships or other associations supervised or regulated by other government agencies, such as banks and insurance companies, upon request of the government agency concerned: Provided, [finally] FURTHER, that upon appointment of a management committee, rehabilitation receiver, board or body, pursuant to this Decree, all actions for claims against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board or body shall be suspended accordingly: **PROVIDED, FINALLY, THAT PROCEEDINGS INVOLVING LABOR CLAIMS SHALL CONTINUE TO ITS FINALITY BUT FAVORABLE DECISION IN FAVOR OF THE WORKER WILL ONLY BE SATISFIED AND WILL BE GIVEN PREFERENCE ONCE THE CORPORATION, PARTNERSHIP OR ASSOCIATION HAS BEEN REHABILITATED.**"

SEC. 2. All laws, decrees, executive orders, rules and regulations and other issuances inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 3. This Act shall take effect after fifteen (15) days after its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,