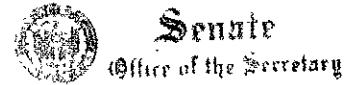


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



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SENATE
P. S. R. No. 684

RECEIVED BY. *jc*

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT WORKERS ARE BEING HIRED THEN FIRED EVERY FIVE MONTHS TO AVOID REGULARIZATION UNDER THE LAW

WHEREAS, the Constitution, Article 2, Section 18 states: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare;"

WHEREAS, the Constitution, Article 13, Section 1 provides: "Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power of the common good";

WHEREAS, the *Philippine Daily Inquirer* on 1 May 2014 reported that contractualization is rampant in the country; end-of-contract (endo) workers, in particular, are bound by a five-month timeframe so that companies will not make them regular employees after six months under the Labor Code;

WHEREAS, from this arrangement allegedly stems the 5-5-5 scheme in which an endo worker is hired and fired every five months so that employers will not make them permanent employees;

WHEREAS, according to Anna Leah Escresa, executive director for the Ecumenical Institute for Labor Education and Research (Eiler), contractualization also "cuts across industries and economic sectors, from construction to manufacturing and even in the information and communications sector";

WHEREAS, Escresa reportedly said endo workers are paid very low wages, oftentimes below the prevailing minimum wage rates and are forced to work for long hours and various reports from workers confirm that endo workers are often not paid overtime; she also alleged that they only receive minimum mandatory benefits, such as SSS and PhilHealth;

WHEREAS, it was reported that the scheme persists precisely because companies find it very lucrative to hire contractual workers to save on labor costs, as contractual workers are paid less than regular counterparts and are denied the full package of benefits;

WHEREAS, Kilusang Mayo Uno chair Elmer Labog reportedly asked why workers were not getting more if companies were growing and earning more based from the 2012 data from research group Ibon Foundation that showed that in 2006, the profits of the top 1,000

corporations in the country reached P599 billion and just after six years, in 2012, their profits almost doubled to P1.08 trillion;

WHEREAS, it was reported that according to University of the Philippines Assistant Professor in Economics Geoffrey Ducanes, if the result of contractualization is a lower labor standard—for example, wages are fixed always at minimum wage and workers have no other benefits and the lower-skilled people are not employed, then this contributes to worsening inequality in the country;

WHEREAS, UP School of Labor and Industrial Relations dean Jonathan Sale also reportedly said that although contractualization is allowed under the law, there is what is called ‘obligations with a period,’ which is the basis of contractual employment or other terms such as ‘fixed period employment’ or ‘term employment’; but if the purpose of the employer in laying down the [repeated] period [of five months] is to prevent the employee from attaining a regular status or security of tenure, then it’s illegal, contrary to law, and renders the contract void;

WHEREAS, the report said that according to Labor Secretary Rosalinda Baldoz, there is no need for a law to deal with uncooperative employers and subcontractors who are engaged in the so-called 5-5-5,’ or endo work practices, and who are flaunting and circumventing the law on subcontracting because they can already be sanctioned under Article 288 of the Labor Code; however, she added that this provision of the law has yet to be tested;

WHEREAS, there is no record that an employer/employers and subcontractors have been punished for engaging in this 5-5-5 scheme, thus there is a need for stricter measures on the implementation and refining of the existing laws to give it more teeth;

WHEREAS, the State should also create stricter measures to prevent, stop, and punish those responsible for taking advantage of their workers; the State should therefore increase the penalty for these entrepreneurs who engage in this 5-5-5 scheme;

WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the report that workers are hired then fired every five months to avoid regularization under the law.

Adopted,

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

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