

FOURTEENTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
First Regular Session }

7 JUN 30 P3:46

RECEIVED BY: 

SENATE
S. B. No. 200

Introduced by **Senator Lacson**

EXPLANATORY NOTE

The 1987 Constitution provides in Article II Section 18 that:

“Sec. 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.”

It likewise provides in Article XIII Section 3 that:

“Sec. 3. 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.

It shall guarantee the rights of workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work and a living wage. They shall participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.”

For a number of years, the Philippine labor force is made to suffer the cost of underdevelopment and backwardness. Existing economic policies, the lack of genuine agrarian reform and nationalist industrialization programs and the onslaught of globalization has given rise to high rates of unemployment and underemployment.

Underemployment, unemployment and substandard labor conditions have pushed many of our countrymen to leave our country and seek greener pastures abroad. Those who opted to remain are left with no choice but to work under employment conditions that do not provide them with the full rights to which they are entitled.

Unscrupulous employers particularly in export-oriented industries and wholesale and retail businesses have resorted to devious schemes to subvert their employees’ right to security of tenure and other labor rights. The most prevalent of these practices is the contractualization of job opportunities and

the creation of “workers’ cooperatives” to prevent the application of employer-employee relationship between the company and their workers thereby depriving the workers the protection to which they are entitled under the Labor Code.

Some of the big department stores it is reported, almost ninety percent (90%) of its entire workforce, most of them salesladies and store personnel, are employed on a contractual basis for a period of five to six months after which, their services will be terminated and will be rehired for another five to six months contract a few days thereafter. This practice is being resorted to evade the intent and spirit of the provisions of our Labor Code thus preventing these employees from acquiring security of tenure and from enjoying the benefits appertaining to them.

In view of this blatant disregard of our workers rights, it becomes a matter of utmost urgency and necessity for Congress to enact a law that will adequately and effectively put a stop to this pernicious practice lest we be accused of tolerating the exploitation of the working masses.

The proposed measure seeks to discourage this practice by increasing the salary of contractual workers by fifty percent of their monthly and/or daily compensation with a proviso that if they are rehired and allowed to work for a period of one year, they will be considered as regular employees of the company where they are working.

It is for this reason that the early approval of this bill is earnestly sought.


PANFILO M. LACSON
Senator

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AN ACT
INCREASING THE MONTHLY SALARY OF CONTRACTUAL
WORKERS BY FIFTY PERCENT (50%) OF THEIR MONTHLY
AND/OR DAILY COMPENSATION AND FOR OTHER PURPOSES.

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

SEC. 1. The Constitutional mandate that the State affirms labor as a primary social economic force and that it shall protect their rights and promote their welfare, is hereby affirmed and recognized.

The State shall endeavor every means possible to protect all workers, whether regular, contractual, casual, seasonal, project employees and fixed term employees, from the exercise of their rights under existing law including but not limited to the right to self-organization, collective bargaining and negotiation, to engage in peaceful and concerted activities including the right to strike within the bounds recognized by law, to security of tenure and a just, reasonable and humane wages.

Toward this end, the State expresses its antipathy to the pernicious practice of employers of hiring contractual employees working for a fixed period of time and rehiring them afterwards to prevent them from acquiring the status of regular employees and from enjoying the benefits accruing to the same. Said practice prevents these employees not only from acquiring

security of tenure but also the enjoyment of other rights appertaining to regular employees.

SEC. 2. The provision of existing laws to the contrary notwithstanding, upon the effectivity of this Act, all employers shall be required to pay all their contractual employees a monthly compensation equivalent to the total amount of their monthly and/or daily compensation plus fifty percent (50%) thereof for the duration of their contractual undertaking; *Provided, That*, contractual employees who have been rehired and who have served for a cumulative period of at least one (1) year, whether the said period be continuous or broken shall be considered regular employees; *Provided further, That*, the status of regular employee shall immediately be conferred to the said contractual employee on the day corresponding to the last day of the one year period that he/she is supposed to render.

SEC. 3. All laws, executive orders, decrees, rules and regulations, or any part thereof inconsistent with the provisions of this Act are deemed repealed or modified accordingly.

SEC. 4. This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in a newspaper of general circulation.

Approved,