SENATE SECRETARY

THIRTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES Second Regular Session

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SENATE

Senate Bill No. 2280

## INTRODUCED BY SEN. MANNY VILLAR

## **EXPLANATORY NOTE**

Presidential Decree No. 442, as amended, otherwise known as the "Labor Code of the Philippines", contains various provisions on compromise agreements/voluntary settlements, to writ:

"ART. 227. Compromise Agreements. - Any compromise settlement, including those involving labor standard laws, voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office of the Department of Labor, shall be final and binding upon the parties. The National Labor Relations Commission or any court, shall not assume jurisdiction over issues involved therein except in case of non-compliance thereof or if there is prima facie evidence that the settlement was obtained through fraud, misrepresentation, or coercion".

"ART. 221. Technical rules not binding and prior resort to amicable settlement. - In any proceeding before the Commission or any of the Labor Arbiters, the rules of evidence prevailing in courts of law or equity shall not be controlling and it is the spirit and intention of this Code that the Commission and its members and the Labor Arbiters shall use every and all reasonable means to ascertain the facts in each case speedily and objectively and without regard to technicalities of law or procedure, all in the interest of due process. In any proceeding before the Commission or any Labor Arbiter, the parties may be represented by legal counsel but it shall be the duty of the Chairman, any Presiding Commissioner or Commissioner or any Labor Arbiter to exercise complete control of the proceedings at all stages.

Any provision of law to the contrary notwithstanding, the Labor Arbiter shall exert all efforts towards the amicable settlement of a labor dispute within his jurisdiction on or before the first hearing. The same rule shall apply to the Commission in the exercise of its original jurisdiction". (Emphasis supplied)

"ART. 262-A. Procedures. - The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have the power to hold hearings, receive evidences and take whatever action is necessary to resolve the issue or issues subject of the dispute, including efforts to effect a voluntary settlement between parties". (Emphasis supplied)

"ART. 263. Strikes, Picketing and Lockouts. --

(e) During the cooling-off period, it shall be the duty of the Ministry to exert all efforts at mediation and conciliation to effect a voluntary settlement. Should the dispute remain unsettled until the lapse of the requisite number of days from the mandatory filing of the notice, the labor union may strike or the employer may declare a lockout." (Emphasis supplied)

## (See, Article 265 of the Labor Code)

Experience in labor dispute settlements preponderantly indicates that amicable/compromise/voluntary settlements between the workers and their employers do not generally constitute a respectable portion of the workers' original money claims. The hand of the law must be invoked to balance this lopsided situation and thereby approximate the true wishes of the parties to any amicable/compromise agreement.

Cursory perusal of the above quoted provisions of the Labor Code readily shows that said provisions do not pretend to regulate the terms and conditions of any amicable/compromise agreement between the employer and his workers.

This Bill seeks to provide the bare minimum conditions under which a reasonable compromise agreement may be entered into between the company and the workers by mandating that the amount of the compromise settlement should not be less than fifty percent (50%) of the worker's original money claims and that installment payments thereof if any, should not be longer than two (2) months.

Premises considered, the approval of this Bill is urgently requested.

MANNY VILLAR

THIRTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES Second Regular Session

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### **AN ACT**

PROVIDING THAT ANY COMPROMISE AGREEMENT ON MONEY CLAIMS ARISING FROM EMPLOYER-EMPLOYEE RELATIONS MUST NOT BE LESS THAN FIFTY PERCENT (50%) OF SUCH MONEY CLAIMS, AMENDING FOR THIS PURPOSE ARTICLE 277 OF THE "LABOR CODE OF THE PHILIPPINES" AND FOR OTHER PURPOSES

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

**SECTION 1.** Article 277 of Presidential Decree No. 442, as amended, otherwise known as the "Labor Code of the Philippines" is hereby further amended by adding a new paragraph (j) to read as follows:

"ARTICLE 277. Miscellaneous Provisions .-

- (a) xxx
- (b) xxx
- (c) xxx
- (d) xxx
- (e) xxx
- (f) xxx
- (g) xxx
- (h) xxx
- (i) xxx

(j) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ANY COMPROMISE/AMICABLE SETTLEMENT OR VOLUNTARY AGREEMENT ON ANY MONEY CLAIMS EXCLUSIVE OF DAMAGES ARISING FROM EMPLOYER-EMPLOYEE RELATIONS MUST NOT BE LESS THAN FIFTY PERCENT (50%) OF SUCH MONEY CLAIMS. PROVIDED, THAT ANY INSTALLMENT PAYMENTS, IF ANY, TO SATISFY ANY SUCH COMPROMISE OR VOLUNTARY SETTLEMENT SHALL NOT BE LONGER THAN TWO (2) MONTHS. ANY COMPROMISE/VOLUNTARY AGREEMENT IN VIOLATION OF THIS PARAGRAPH SHALL BE NULL AND VOID.

**SECTION 2.** Repealing Clause. – All laws, orders, issuance, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

**SECTION 3.** Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,