

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

Fifteenth Congress  
Second Regular Session

HOUSE BILL NO. 306 **6059**



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Introduced by **HON. RENE LOPEZ RELAMPAGOS**  
1<sup>st</sup> District, Bohol

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**EXPLANATORY NOTE**

This bill seeks to enact a law providing full satisfaction of monetary awards to complainants/awardees in labor cases in the Philippines.

The 1987 Constitution of the Philippines builds on previous provisions and elaborates on its policy on labor in Article II, Section 18 and Article XIII, Section 3.

Article II, Section 18, in affirming labor as a "primary" social economic force, proclaims the primacy of the human factor over the non-human factors of production. Commissioner Bacani, one of the members of the 1986 Constitutional Commission, puts it thus:

"It is really an assertion of the supremacy of human dignity over things.

In the process of production, labor is always a primary and efficient cost [sic] while capital remains a mere instrumental [cost]. We will notice that all the means by which a person appropriates natural resources and transforms them in accordance with his need are the result of the historical heritage of human labor. Besides, it is clear that every person sharing in the production process is the real efficient subject, while the collection of instruments, no matter how perfect they are, is only a mere instrument subordinate to human labor.

In our present system, capital is sometimes given more weight than labor. Let me give an illustration: Sometimes when there is an increase in price of raw materials, we automatically increase the price of goods and there is no question about that because the price of raw materials has been increased. Yet, when the workers ask for corresponding increase in their wages, they are told: "Wait, the price of raw materials is already very high and you will still ask in the price of labor?"

So in actual consideration, it seems that labor takes the last place in the consideration and computation of the things that must be increased . . . .

I believe Commissioner Aquino caught the thrust very well when she said that this is really an assertion of the primacy of human dignity over things." (J. Bernas, The 1987 Constitution of Republic of the Philippines, 93-94 [2009 ed.])

Article XIII, Section 3 (Social Justice and Human Rights) of the 1987 Constitution, on the other hand, 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."

Section 3 of Article XIII elaborates on the provision in Article II by specifying who are protected by the Constitution, what rights are guaranteed, and what positive measures the state should take in order to enhance the welfare of labor. Under the Constitution, labor and management are not completely free to decide between themselves how their relationship should go even in the matter so personal as wages. (*Employers Confederation v. National Wage and Productivity Commission*, G.R. No. 9619, September 24, 1991)

The Labor Code of the Philippines, otherwise known as Republic Act No. 442, as amended, including its Implementing Rules and Regulations as well as the New Rules of Procedure of the National Labor Relations Commission (NLRC) have provided some safeguards to ensure full satisfaction to complainants/awardees in the execution of labor case awards, including the setting up of time-frames within which to execute said awards.

It has been observed that many complainants in whose favor decisions in labor cases were issued had spent time, efforts and money in attending to their labor cases, specially at the execution stage thereof confident that there will be an effective, efficient and expeditious satisfaction of monetary awards in their favor only to be dejected and frustrated in the end as they cannot be fully or partially paid of their money claims.

Moreover, many respondents in labor cases, such as corporations, partnerships and single proprietorships, through their legal counsel, resort to clever legal maneuvers and sometimes illegal means to evade payment or satisfaction of the monetary awards rendered in favor of their employees-complainants for various reasons which the latter could neither understand nor comprehend.

In fact, even before the filing of labor cases as well as during the pendency thereof and even after the rendition of favorable but are not yet final and executory decisions to the employees-complainants, the respondents concerned, sensing that they will lose these cases and eventually have to pay the money claims of their employees-complainants, will resort to various legal and illegal means, strategies and tactics to defeat, frustrate or avoid payment thereof, such as, but not limited to transferring the ownership particularly of a single proprietorship to a third party to muddle the issue of ownership of leviabale assets as well as executing fictitious or simulated sale of real property, such as buildings, lands and other assets owned by respondent corporations, partnerships, and single proprietorships whereby the poor employees-complainants have no means or will encounter great difficulty in contesting the validity of such transfer of ownership or purported sale in a court of law as they had already exhausted their resources in attending to and prosecuting their labor cases where during such time most of them were out of jobs or not gainfully employed.

Many respondents concerned will also resort to mortgaging their real and personal property and even unbelievably securing a second or third mortgage thereon where the hapless complainants/awardees cannot lay their claims on said mortgage property as they are not preferred creditors under the law and jurisprudence.

Furthermore, many respondents concerned will likewise resort to some pre-emptive measures, such as, but not limited to, withdrawal of bank deposits or hiding of leviabale assets, of respondent corporations, partnerships or single proprietorships to avoid a lien, levy or attachment thereon arising out of labor case awards.

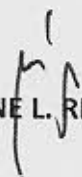
The beautifully worded provisions of law ensuring full satisfaction of labor case decisions, including their monetary awards, have often times been rendered meaningless due to dilatory strategies and tactics resorted to by respondents concerned, thus, compelling the hapless employees-complainants to agree to onerous and disadvantageous settlement with said respondents, out of sheer exhaustion and helplessness at the execution stage thereof.

In many instances, an employee-complainant would eventually succumb to agreeing at the execution stage of his/her labor case to an onerous settlement in whatever amount he or she could avail of arising out of a situation where almost nothing is left of respondent's real or personal property brought about by skillful legal maneuvers of its legal counsel, which property could have been the proper subject of execution sale to satisfy a monetary award.

The stark and unfortunate reality in the utter failure to secure effective, efficient, timely and expeditious satisfaction of monetary awards to employees-complainants who obtained favorable final and executory decisions in labor cases has resulted in the impoverishment of the said employees-complainants who consequently lose their hope in the government's capability to give justice to their valid causes thus creating social problems as they would resort or be tempted to resort to do the unthinkable as they have nothing to tie themselves up for their subsistence as well as to pursue the education of their children, not to mention that they become vulnerable to the enticement of the radical elements in society who would promise them a speedy solution to their frustration against the justice system prevailing in the country.

This representation submits and is of the firm belief that this bill, when it becomes a law, shall afford full protection to labor and guarantee the rights of all workers to full satisfaction of monetary awards to them in all labor cases adjudged in their favor.

In view of the foregoing, approval of this bill is earnestly sought.

  
RENE L. RELAMPAGOS

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Introduced by **HON. RENE LOPEZ RELAMPAGOS**  
1<sup>st</sup> District, Bohol

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**AN ACT GUARANTEEING FULL SATISFACTION OF MONETARY AWARDS TO EMPLOYEES IN THE PRIVATE SECTOR IN LABOR CASES ADJUDGED IN THEIR FAVOR AND FOR OTHER PURPOSES**

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

**SECTION 1. Title.** – This Act shall be known as “The Law Providing Full Satisfaction of Monetary Awards to Complainants/Awardees in Labor Cases in the Philippines.”

**SEC. 2. Declaration of Policy.** – The State shall afford full protection to employees, local and overseas, organized and unorganized, by guaranteeing full satisfaction of the monetary awards granted to those who are recipients of favorable decisions in labor cases in order to avoid failure at the execution stage of the said awards where the complainants/awardees will be holding empty and unsatisfied judgments in their hands.

**SEC. 3. Cash Bond Held in Escrow Deposit by Respondents’ Depository Banks. -**

All respondent corporations, partnerships and single proprietorships whose paid-up capital or capitalization, as the case may be, is at least ten million pesos (P10,000,000.00) in any fiscal year and/or calendar year must set aside at least ten percent (10%) of said paid-up capital or capitalization as cash bond and held in escrow by their depository bank(s) to guarantee and answer for the monetary awards of their employees-complainants who have obtained judgments in labor cases against the said respondent corporations, partnerships and single proprietorships. However, the said cash bond held in escrow shall be immediately released by arbiter or commission or the court concerned in the event that the judgment in the labor case is finally reversed and adjudged in favor of the respondents concerned.

Depository banks of respondent corporations, partnerships and single proprietorship are mandated under this Act that before they can allow said respondents to withdraw from their bank deposits at least one-half (1/2) thereof at any given time, the depository banks must get a certification from the Department of Labor and Employment (DOLE) or its regional office concerned as well as from National Labor Relations Commission (NLRC) and its regional arbitration branch where the respondent or any of its branches is located relative to the pendency of a labor case affecting any, some or all of its employees involving money claims in order that whatever bank deposits are left can be made to answer or satisfy for any deficiency in the payment of the monetary award taken from the said cash bond held in escrow by the depository bank.

In the case of staggered withdrawals by respondent concerned, the depository bank, upon noticing and determining that almost one-half (1/2) of the total deposits of the respondent concerned has already been withdrawn, must require within twenty-four (24) hours the latter to obtain the said certifications mandated in second paragraph of this section before

further withdrawals can be allowed by the depository bank and made by the respondent concerned.

**SEC. 4. Administrative Fines.** – Any person, whether natural or juridical, who shall violate any provisions of this Act shall, upon conviction, be punished by a fine of at least one hundred thousand pesos (P100,000.00) to be imposed through the National Labor Relations Commission, provided, that in the case of a juridical person, the penalty shall be imposed upon its officials for such violation, and in case the guilty party is an alien, he/she shall immediately be deported after payment of the fine imposed.

**SEC. 5. Repealing Clause.** – All laws, presidential decrees, executive orders and rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 6. Separability Clause.** – If for any reason any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

**SEC. 7. Effectivity Clause.** – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,