

[REPUBLIC ACT NO. 6715, March 02, 1989]

AN ACT TO EXTEND PROTECTION TO LABOR, STRENGTHEN THE CONSTITUTIONAL RIGHTS OF WORKERS TO SELF-ORGANIZATION, COLLECTIVE BARGAINING AND PEACEFUL CONCERTED ACTIVITIES, FOSTER INDUSTRIAL PEACE AND HARMONY, PROMOTE THE PREFERENTIAL USE OF VOLUNTARY MODES OF SETTLING LABOR DISPUTES, AND REORGANIZE THE NATIONAL LABOR RELATIONS COMMISSION, AMENDING FOR THESE PURPOSES CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. Article 110 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, is hereby further amended to read as follows:

"ART. 110. *Worker preference in case of bankruptcy.*—In the event of bankruptcy or liquidation of an employer's business, his workers shall enjoy first preference as regards their unpaid wages and other monetary claims, any provision of law to the contrary notwithstanding. Such unpaid wages and monetary claims shall be paid in full before the claims of the Government and other creditors may be paid."

SEC. 2. Article 129 of the Labor Code of the Philippines, as amended, is hereby further amended to read as follows:

"ART. 129. *Recovery of wages, simple money claims and other benefits.*— Upon complaint of any interested party, the Regional Director of the Department of Labor and Employment or any of the duly authorized hearing officers of the Department is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interest, owing to an employee or person employed in domestic or household service or househelper under this Code, arising from employer-employee relations: *Provided*, That such complaint does not include a claim for reinstatement; *Provided, further*, That the aggregate money claims of each employee or househelper do not exceed five thousand pesos (P5,000.00). The Regional Director or hearing officer shall decide or resolve the complaint within thirty (30) calendar days from the date of the filing of the same. Any sum thus recovered on behalf of any employee or househelper pursuant to this Article shall be held in a special deposit account, and shall be paid, on order of the Secretary of

Labor and Employment or the Regional Director directly to the employee or househelper concerned. Any such sum not paid to the employee or househelper, because he cannot be located after diligent and reasonable effort to locate him within a period of three (3) years, shall be held as a special fund of the Department of Labor and Employment to be used exclusively for the amelioration and benefit of workers.

"Any decision or resolution of the Regional Director or hearing officer pursuant to this provision may be appealed on the same grounds provided in Article 223 of this Code, within five (5) calendar days from receipt of a copy of said decision or resolution, to the National Labor Relations Commission which shall resolve the appeal within ten (10) calendar days from the submission of the last pleading required or allowed under its rules.

"The Secretary of Labor and Employment or his duly authorized representative may supervise the payment of unpaid wages and other monetary claims and benefits, including legal interest, found owing to any employee or househelper under this Code."

SEC. 3. Article 211 of the same Code, as amended by Executive Order No. 111, is hereby further amended to read as follows:

"ART. 211. *Declaration of policy.*—A. It is the policy of the State:

"(a) To promote and emphasize the primacy of free collective bargaining and negotiations, including voluntary arbitration, mediation and conciliation, as modes of settling labor or industrial disputes;

"(b) To promote free trade unionism as an instrument for the enhancement of democracy and the promotion of social justice and development;

"(c) To foster the free and voluntary organization of a strong and united labor movement;

"(d) To promote the enlightenment of workers concerning their rights and obligations as union members and as employees;

"(e) To provide an adequate administrative machinery for the expeditious settlement of labor or industrial disputes;

"(f) To ensure a stable but dynamic and just industrial peace; and

"(g) To ensure the participation of workers in decision and policy-making processes affecting their rights, duties and welfare.

"B. To encourage a truly democratic method of regulating the relations between the employers and employees by means of agreements freely entered into through collective bargaining, no court or administrative agency or official shall have the power to set or fix wages, rates of pay,

hours of work or other terms and conditions of employment, except as otherwise provided under this Code."

SEC. 4. Article 212 of the Labor Code of the Philippines, as amended, is further amended to read as follows:

"ART. 212. *Definitions.*—(a) 'Commission' means the National Labor Relations Commission or any of its divisions, as the case may be, as provided under this Code.

"(b) 'Bureau' means the Bureau of Labor Relations and/or the Labor Relations Divisions in the regional offices established under Presidential Decree No. 1, in the Department of Labor.

"(c) 'Board' means the National Conciliation and Mediation Board established under Executive Order No. 126.

"(d) 'Council' means' the Tripartite Voluntary Arbitration Advisory Council established under Executive Order No. 126, as amended.

"(e) 'Employer' includes any person acting in the interest of an employer, directly or indirectly. The term shall not include any labor organization or any of its officers or agents except when acting as employer.

"(f) 'Employee' includes any person in the employ of an employer. The term shall not be limited to the employees of a particular employer, unless this Code so explicitly states. It shall include any individual whose work has ceased as a result of or in connection with any current labor dispute or because of any unfair labor practice if he has not obtained any other substantially equivalent and regular employment.

"(g) 'Labor organization' means any union or association of employees which exists in whole or in part for the purpose of collective bargaining or of dealing with employers concerning terms and conditions of employment.

"(h) 'Legitimate labor organization' means any labor organization duly registered with the Department of Labor and Employment, and includes any branch or local thereof.

"(i) 'Company union' means any labor organization whose formation, function or administration has been assisted by any act defined as unfair labor practice by this Code.

"(j) 'Bargaining representative' means a legitimate labor organization or any officer or agent of such organization whether or not employed by the employer.

"(k) 'Unfair labor practice' means any unfair labor practice as expressly defined by this Code.

"(l) 'Labor dispute' includes any controversy or matter concerning terms

or conditions of employment or the association or representation of persons in negotiating, fixing, maintaining, changing or arranging the terms and conditions of employment, regardless of whether the disputants stand in the proximate relation of employer and employee.

"(m) 'Managerial employee' is one who is vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees. Supervisory employees are those who, in the interest of the employer, effectively recommend such managerial actions if the exercise of such authority is not merely routinary or clerical in nature but requires the use of independent judgment. All employees not falling within any of the above definitions are considered rank-and-file employees for purposes of this Book.

"(n) 'Voluntary Arbitrator' means any person accredited by the Board as such, or any person named or designated in the collective bargaining agreement by the parties to act as their voluntary arbitrator, or one chosen, with or without the assistance of the National Conciliation and Mediation Board, pursuant to a selection procedure agreed upon in the collective bargaining agreement, or any official that may be authorized by the Secretary of Labor and Employment to act as voluntary arbitrator upon the written request and agreement of the parties to a labor dispute.

"(o) 'Strike' means any temporary stoppage of work by the concerted action of employees as a result of an industrial or labor dispute.

"(p) 'Lockout' means the temporary refusal of an employer to furnish work as a result of an industrial or labor dispute.

"(q) 'Internal union dispute' includes all disputes or grievances arising from any violation of or disagreement over any provision of the constitution and by-laws of a union, including any violation of the rights and conditions of union membership provided for in this Code.

"(r) 'Strike-breaker' means any person who obstructs, impedes, or interferes with by force, violence, coercion, threats or intimidation any peaceful picketing by employees during any labor controversy affecting wages, hours or conditions of work or in the exercise of the right of self-organization or collective bargaining.

"(s) 'Strike area' means the establishment, warehouses, depots, plants or offices, including the sites or premises used as run-away shops, of the employer struck against, as well as the immediate vicinity actually by picketing strikers in moving to and fro before all points of entrance to and exit from said establishment."

SEC. 5. Article 213 of the Labor Code of the Philippines, as amended, is further amended to read as follows:

"ART. 213. *National Labor Relations Commission*.—There shall be a National Labor Relations Commission which shall be attached to the

Department of Labor and Employment for program and policy coordination only, composed of a Chairman and fourteen (14) members.

"Five (5) members each shall be chosen from among the nominees of the workers and employers organizations, respectively. The Chairman and the four (4) remaining members shall come from the public sector, with the latter to be chosen from among the recommendees of the Secretary of Labor and Employment.

"Upon assumption into office, the members nominated by the workers and employers organizations shall divest themselves of any affiliation with or interest in the federation or association to which they belong.

"The Commission may sit *en banc* or in five (5) divisions, each composed of three (3) members. The Commission shall sit *en banc* only for purposes of promulgating rules and regulations governing the hearing and disposition of cases before any of its divisions and regional branches and formulating policies affecting its administration and operations. The Commission shall exercise its adjudicatory and all other powers, functions, and duties through its divisions. Of the five (5) divisions, the first and second divisions shall handle cases coming from the National Capital Region and the third, fourth and fifth divisions, cases from other parts of Luzon, from the Visayas and Mindanao, respectively. The divisions of the Commission shall have exclusive appellate jurisdiction over cases within their respective territorial jurisdiction.

"The concurrence of two (2) Commissioners of a division shall be necessary for the pronouncement of a judgment or resolution. Whenever the required membership in a division is not complete and the concurrence of two (2) Commissioners to arrive at a judgment or resolution cannot be obtained, the Chairman shall designate such number of additional Commissioners from the other divisions as may be necessary.

"The conclusions of a division on any case submitted to it for decision shall be reached in consultation before the case is assigned to a member for the writing of the opinion. It shall be mandatory for the division to meet for purposes of the consultation ordained herein. A certification to this effect signed by the Presiding Commissioner of the division shall be issued, and a copy thereof attached to the record of the case and served upon the parties.

"The Chairman shall be the Presiding Commissioner of the first division, and the four (4) other members from the public sector shall be the Presiding Commissioners of the second, third, fourth and fifth divisions, respectively. In case of the effective absence or incapacity of the Chairman, the Presiding Commissioner of the second division shall be the Acting Chairman.

"The Chairman, aided by the Executive Clerk of the Commission, shall have administrative supervision over the Commission and its regional branches and all its personnel, including the Executive Labor Arbiters and