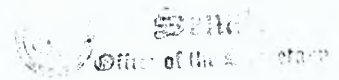


NINETEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



'22 JUL 13 AIO :03

SENATE

S. No. 457

RECEIVED BY

Introduced by SENATOR JINGGOY EJERCITO ESTRADA

**AN ACT
STRENGTHENING THE INSPECTION FUNCTION OF THE DEPARTMENT OF
LABOR AND EMPLOYMENT, AMENDING FOR THIS PURPOSE REPUBLIC ACT
NO. 6727, OTHERWISE KNOWN AS THE WAGE RATIONALIZATION ACT,
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Section 9 of Republic Act No. 6727, otherwise known as the Wage Rationalization Act, provides that the Department of Labor and Employment shall conduct inspections as often as possible within its manpower constraint of the payroll and other financial records kept by the company or business to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or any Wage Order.

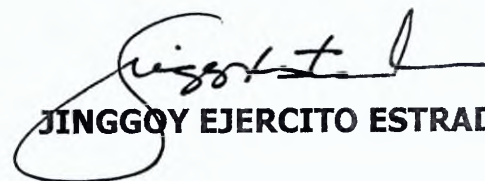
The low rate of compliance with existing wage orders may be partly attributable to the lack of labor inspectors. Apart from this, their low salaries lends credence to the perennial accusations by the labor sector, and sometimes, even by the employer sector, that some labor inspectors are prone to corruption and extortion.

DOLE continues its endeavor to address this concern. Under its Labor Inspection Program, 86,537 establishments were inspected in 2020 covering 2.848 million workers. In 2021, 82,265 establishments were inspected covering 3.272 million workers. DOLE also deputizes volunteer labor inspectors from labor, management and professional organization sectors to inspect establishments in

regions with large concentration of industries. As of December 2021, there are around 1,200 labor inspectors and the DOLE admitted that they need at least 2,000 additional labor inspectors to bring the figure close to the ideal 5,000 labor inspectors.

It has been posited that the Philippines has enough labor laws and social legislation. The problem is purportedly in their implementation and enforcement. This bill seeks to ensure that existing labor laws and social legislations are complied with, even as new ones are being enacted.

Hence, the urgent passage of this bill is fervently requested.



JINGGOY EJERCITO ESTRADA

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



*22 JUL 13 A10 :02

SENATE
S. No. 457

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LABOR AND EMPLOYMENT, AMENDING FOR THIS PURPOSE REPUBLIC ACT
NO. 6727, OTHERWISE KNOWN AS THE WAGE RATIONALIZATION ACT,
AND FOR OTHER PURPOSES

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

1 Section 1. Section 9 of Republic Act No. 7627, otherwise known as the Wage
2 Rationalization Act, is hereby amended to read as follows:
3 "Sec. 9. The Department of Labor and Employment shall
4 conduct inspections as often as possible within its manpower
5 constraint of the payroll and other financial records kept by the
6 company or business to determine whether the workers are paid
7 the prescribed wage rates and other benefits granted by law or any
8 Wage Order. In unionized companies, the Department of Labor and
9 Employment inspectors shall always be accompanied by the
10 president or any responsible officer of the recognized bargaining unit
11 of any interested union in the conduct of the inspection. In non-
12 unionized companies, establishments or businesses, the inspection
13 shall be carried out in the presence of a worker representing the
14 workers in the said company. The workers' representative shall
15 have the right to submit his own findings to the Department of Labor
16 and Employment and to testify on the same if he cannot concur with
17 the findings of the labor inspector.

1 **"FOR THIS PURPOSE, THE FORMER POSITION OF**
2 **LABOR INSPECTOR IS HEREBY ABOLISHED, AND A NEW**
3 **POSITION OF LABOR INSPECTOR, WITH THE SALARY GRADE**
4 **OF 21, IS HEREBY CREATED IN THE FOLLOWING RATIO: ONE**
5 **(1) LABOR INSPECTOR FOR EVERY MUNICIPALITY, AND AT**
6 **LEAST TWO (2) LABOR INSPECTORS FOR EVERY CITY.**

7 **"IN ADDITION TO THEIR REGULAR FUNCTIONS, LABOR**
8 **INSPECTOR SHALL HAVE THE AUTHORITY TO INITIATE AND**
9 **FILE CRIMINAL ACTIONS AGAINST PERSON, CORPORATION,**
10 **TRUST, FIRM, PARTNERSHIP, ASSOCIATION OR ENTITY**
11 **WHICH REFUSES OR FAILS TO PAY ANY OF THE PRESCRIBED**
12 **INCREASES OR ADJUSTMENTS IN THE WAGE RATES MADE IN**
13 **ACCORDANCE WITH THIS ACT. THEY SHALL ALSO HAVE THE**
14 **POWER TO ISSUE SUBPOENA, ADMINISTER OATH OR**
15 **AFFIRMATION, AND CALL UPON LAW ENFORCEMENT**
16 **AGENCIES TO ASSIST THEM IN CONDUCTING INSPECTIONS.**

17 **"THE FUNDS NECESSARY TO CREATE THE NEW**
18 **POSITION OF LABOR INSPECTOR SHALL BE TAKEN FROM**
19 **THE NATIONAL TAX ALLOTMENT OF THE LOCAL**
20 **GOVERNMENT UNITS CONCERNED.**

21 **"ALL PERSONNEL OF THE ABOVE ABOLISHED**
22 **POSITION SHALL CONTINUE TO FUNCTION IN A HOLDOVER**
23 **CAPACITY AND SHALL BE PREFERENTIALLY CONSIDERED**
24 **FOR APPOINTMENTS TO OR PLACEMENT IN THE NEW**
25 **POSITION OF LABOR INSPECTOR: *PROVIDED*, THAT THEY**
26 **QUALIFY UNDER THE CRITERIA TO BE PRESCRIBED BY THE**
27 **SECRETARY OF LABOR AND EMPLOYMENT.**

28 **"ANY LABOR INSPECTOR SEPARATED FROM THE**
29 **SERVICE AS A RESULT OF THE ABOLITION OF POSITION**
30 **PURSUANT TO THIS ACT SHALL BE ENTITLED TO**
31 **APPROPRIATE SEPARATION PAY AND RETIREMENT AND**
32 **OTHER BENEFITS ACCRUING TO THEM UNDER EXISTING**

1 **LAWS. IN LIEU THEREOF, AT THE OPTION OF THE EMPLOYEE,**
2 **HE SHALL BE PREFERENTIALLY CONSIDERED FOR**
3 **EMPLOYMENT IN THE GOVERNMENT OR IN ANY OF ITS**
4 **SUBDIVISIONS, INSTRUMENTALITIES, OR AGENCIES,**
5 **INCLUDING GOVERNMENT-OWNED OR CONTROLLED**
6 **CORPORATIONS AND THEIR SUBSIDIARIES.”**

7 *Sec. 2. Separability Clause.* – If any provision or part hereof is held invalid or
8 unconstitutional, the remainder of the law or the provision or part not otherwise
9 affected shall remain valid and subsisting.

10 *Sec. 3. Repealing Clause.* – Any law, presidential decree or issuance,
11 executive order, letter of instruction, administrative order, rule, or regulation
12 contrary to or inconsistent with the provisions of this Act are hereby repealed,
13 modified, or amended accordingly.

14 *Sec. 4. Effectivity.* – This Act shall take effect fifteen (15) days after its
15 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,