

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



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SENATE
S. No. 1848

RECEIVED BY: *ju*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 3, Section 16 states that: "All persons shall have the right to a speedy disposition of their cases before all judicial, quasi-judicial, or administrative bodies." Unfortunately, labor disputes are being resolved at an agonizingly slow pace, particularly at the level of the National Labor Relations Commission. The delay at the Labor Arbiters' level is due to the fact that of the present 155 incumbent Labor Arbiters, 53 are assigned as "Reviewers" in the Office of the Commissioners. Thus, with only half of the incumbent Labor Arbiters bearing the brunt of hearing and resolving the average 31,000 cases filed per year in the Arbitration Branches, it is not surprising that backlogs are incurred. By law and by the very nature of their original appointments, these Labor Arbiters-"Reviewers" are supposed to be performing their official function as hearing Labor Arbiters in the Arbitration Branches. Worse, there are Labor Arbiters who are detailed in the Office of the Secretary of Labor and other DOLE agencies. If all these Labor Arbiters will be returned back to their respective sala, there would be no more backlogs at the Arbitration level.

As to the delay in the resolution of appealed cases in the Commission, it must be recalled that the Five (5) Divisions were created way back on 2 March 1989 by virtue of Republic Act No. 6715. The number of appealed cases was still manageable at that time. However, after barely ten years later, the influx of appealed cases started to pile up. This was mainly triggered by the economic situation in the country resulting to more labor complaints filed by the affected workers. More than one-half of these cases were filed at the National Capital Region of the NLRC. Realizing this inadequacy, Congress enacted into law Republic Act No. 9347, creating another three divisions in the NCR. However, the problem of backlogs in the Commission remained unsolved.

This delay in the disposition of labor disputes was further exacerbated when the Supreme Court came out with a ruling in the *St. Martin Funeral Homes* case in 1998 wherein it was ordered that all petition for certiorari from the decisions or final orders of the Commission must first be filed at the Court of Appeals instead of directly with the Supreme Court. This proved to be a double-whammy for the litigants in a labor dispute. While there was already a delay in the disposition of appealed cases at the Commission, yet another delay was added by allowing the Court of Appeals to review the decisions of the Commission. It is apparent that there are now two layers of appellate review of the decisions of the Labor Arbiters. Resultantly, the gestation period in the final resolution of labor cases was drastically increased to the frustration of both the workers and employers alike. While the cases are pending, the labor unrest is not addressed and there is no industrial peace in the workplace.

This condition has contributed to a negative and crippling effect on our economy as shown by several companies pulling out their investments from our country after their labor disputes remained unresolved for years. This is a clear violation of the Constitutional mandate to afford litigants with speedy disposition of their cases. Thus, in order to comply with this mandate, this Bill now seeks to abolish one layer of appellate body, the National Labor Relations Commission, and thereby establishing the Regional Court of Labor Relations under the supervision of the Supreme Court. The incumbent Labor Arbiters shall be deemed appointed as Judges of the Regional Court of Labor Relations and their decisions shall be appealable directly to the Court of Appeals.

Moreover, with the herein proposal to convert the Regional Arbitration Branches into Regional Court of Labor Relations branches, this set-up will be fully complemented by the existing branches of the Court of Appeals in the Visayas and Mindanao regions. Thus, appealed cases from the Judges of the Regional Court Labor Relations will be filed at the branches of the Court of Appeals in said regions. This will further hasten the resolution of labor cases in the Visayas and Mindanao regions. Historically, all decisions and orders of the Labor Arbiters were appealable to the Commission proper. In turn, all decisions and final orders of the Commission are reviewed directly by the Supreme Court through a petition for certiorari. This was the procedural set-up when the Court of Industrial Relations (CIR) was established on 29 October

1936 through Commonwealth Act No. 103. The same procedure was implemented when the CIR was replaced by the Interim National Labor Relations on October 14, 1972 through Presidential Decree No. 21. After two years of existence, the Interim Commission, was abolished by Presidential Decree No. 442, establishing the National Labor Relations Commission (NLRC) on November 1, 1974. On 21 March 1989, Republic Act No. 6715 further strengthened the NLRC by granting said agency its quasi-judicial independence from the Department of Labor and Employment (DOLE). However, on 16 September 1998, the Supreme Court came out with a decision in *St. Martin Funeral Homes* decreeing that: "Petitions (for certiorari) should henceforth be initially filed in the Court of Appeals in strict observance of the doctrine on the hierarchy of courts."

This, in effect, added another layer of appellate review of the decisions and orders of the NLRC. Instead of being reviewed only by the Supreme Court as was the practice since 1989, decisions of the NLRC after 16 September 1998, are all elevated first to the Court of Appeals upon petition for certiorari. The period to resolve labor disputes with finality was extended because of this decision by the Supreme Court. The average gestation period before the Labor Arbiters is one year, the appeal to the Commission is resolved within an average of three years, and the Court of Appeals takes an average of another three years to resolve petitions for certiorari.

Consequently, even the execution of decisions won by the workers at the level of the Labor Arbiters are also delayed because even the Court of Appeals has ruled time and again that in observance of the doctrine on the hierarchy of courts, no execution of the decision of the Labor Arbiters or the Commission shall be enforced during the pendency of a petition for certiorari at their level. Apparently this runs counter with the provision of Article 223 of the Labor Code which provides that "the decision of the Commission shall be final and executory after ten (10) calendar days from receipt thereof by the parties."

The rationale behind this legislative measure is simply to harmonize our existing laws with actual realities in the field of labor relations, taking into consideration the paramount welfare of the working class as well as affording equal protection to the employers for they are the affected players in the field of labor-management conflicts.

Given the situation and legal constraints which patently defeats the Constitutional mandate to resolve labor cases with dispatch, the most appropriate and practical legislative solution would be to eliminate one layer of appellate review. By simply abolishing the Commission, workers are assured of their Constitutional right to speedy disposition of their complaints, and the employers will be spared of the unusually long and costly litigation. In effect, we avoid protracted labor disputes and therefore enhance the preservation of industrial peace conducive to the economic growth of the country.*

acv
Miriam Defensor Santiago
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* This was originally filed during the 14th Congress 1st Regular Session.

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SENATE
S. No. **1848**

RECEIVED BY: *ji*

Introduced by Senator Miriam Defensor Santiago

1 AN ACT

2 ESTABLISHING THE REGIONAL COURT OF LABOR RELATIONS (RCLR) UNDER THE
3 SUPERVISION OF THE SUPREME COURT, THEREBY ABOLISHING THE NATIONAL
4 LABOR RELATIONS COMMISSION (NLRC)

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

5 SECTION 1. *Establishing the Regional Court of Labor Relations; Abolishing the*
6 *National Labor Relations Commission.* - There is hereby established the Regional Courts of
7 Labor Relations (RCLR) under the supervision of the Supreme Court, thereby abolishing the
8 National Labor Relations Commission (NLRC). All unexpended funds, properties, equipment,
9 and records of the NLRC and such of its personnel as may be necessary are hereby transferred to
10 the Regional Courts of Labor Relations under the administrative and fiscal supervision of the
11 Supreme Court.

12 SECTION 2. *Incumbent Labor Arbiters Deemed Appointed as Judges of the Regional*
13 *Courts of Labor Relations.* - The incumbent Labor Arbiters shall be deemed appointed as Judges
14 of the Regional Court of Labor Relations in the regions where they are residing and holding
15 office at the date of the effectivity of this Act, without need for reappointment.

16 SECTION 3. *Existing Regional Arbitration Branches converted to Regional Courts of*
17 *Labor Relations Branches.* - The existing Regional Arbitration Branches nationwide shall be
18 converted as regional branches of the Regional Courts of Labor Relations without increasing the
19 approved plantilla for Labor Arbiters nationwide. The number of seats for the Judges of the
20 Regional Courts of Labor Relations in each regional branch shall correspond to the number of

1 plantilla positions for Labor Arbiters thereat. Each regional branch shall be headed by an
2 Executive Judge of the Regional Court of Labor Relations.

3 SECTION 4. *Retirement or Separation of NLRC Commissioners.* – Consequent to the
4 abolition of the NLRC, incumbent Commissioners who have attained sixty (60) years of age and
5 have rendered at least twenty (20) years in government service, the last five (5) years of which
6 shall have been continuously rendered as Commissioner, shall be deemed compulsorily retired
7 with full retirement gratuity and pension pursuant to applicable laws. Those who lack any one of
8 the above qualifications shall receive a separation pay equivalent to two (2) months salary for
9 every year of service in government.

10 SECTION 5. *Optional Retirement or Severance Pay for an Incumbent Labor Arbiter.* -
11 Incumbent Labor Arbiters who have attained the age of sixty (60) years and have rendered at
12 least twenty (20) years in government service, the last five (5) years of which shall have been
13 continuously rendered as Labor Arbiter, shall be qualified for optional retirement. Those who
14 lack any one of the above qualifications and have no intention to assume the position as Judges
15 of the Regional Courts of Labor Relations pursuant to Section 2 hereof, shall be entitled to a
16 severance pay equivalent to two (2) months salary for every year of government service. This
17 option for availment of severance pay shall be exercised within a period of sixty (60) calendar
18 days after the effectivity of this Act; otherwise, said option shall be deemed waived.

19 SECTION 6. *Retirement Gratuity and Pension of Qualified Commissioners and Labor*
20 *Arbiters.* - Commissioners who are qualified for compulsory retirement and incumbent Labor
21 Arbiters who are qualified for optional retirement pursuant to the immediately preceding Section
22 3 and Section 4 of this Act shall respectively be entitled to the full retirement gratuity and
23 pension provided for under applicable laws.

24 SECTION 7. *Subsequent Appointments to the Regional Courts of Labor Relations.* -
25 Subject to Section 2 of this Act, the President shall appoint Judges to the Regional Courts of

1 Labor Relations from a list of at least three (3) nominees prepared by the Judicial and Bar
2 Council for every vacant position; *Provided*, that said nominees shall meet the qualifications as
3 those of the Judges of the Regional Trial Courts. Such appointments need no confirmation.

4 SECTION 8. *Parity in Rank, Salaries, Benefits, Other Emoluments, and Retirement*
5 *Gratuity.* - Judges of the Regional Courts of Labor Relations shall have the same rank, receive an
6 annual salary equivalent to, and be entitled to the same allowances, retirement gratuity, and other
7 benefits and privileges as those of the Judges of the Regional Trial Courts pursuant to applicable
8 laws. They shall hold office during good behavior until they reach the age of seventy (70) years,
9 unless sooner removed for cause as provided for by law or become incapacitated to discharge the
10 duties of their office.

11 SECTION 9. *Jurisdiction of the Regional Courts of Labor Relations.* - The Regional
12 Courts of Labor Relations shall have original and exclusive jurisdiction over all cases
13 enumerated under Article 217 of the Labor Code, as amended, including complaints of Overseas
14 Filipino Workers pursuant to Republic Act No. 8042, otherwise known as the Migrant Workers
15 and Overseas Filipinos Act of 1995. Other provisions of the Labor Code not inconsistent with
16 this Act shall continue to be applied.

17 SECTION 10. *Nature of Proceedings Before the Regional Courts of Labor Relations.* -
18 Technical rules of procedure shall not be strictly applied to proceedings before the Regional
19 Courts of Labor Relations.

20 SECTION 11. *Disposition of Pending Cases Before the Labor Arbiters.* -All pending
21 cases before the incumbent Labor Arbiters shall be disposed of by them as Judges of the
22 Regional Courts of Labor Relations, applying in the interim the provisions of the NLRC Rules of
23 Procedure pertaining to the proceedings before the Labor Arbiters.

1 SECTION 12. *Applicability of the Alternative Dispute Resolution System Law (ADR) in*
2 *Labor Cases.* -Any provision of law to the contrary notwithstanding, pertinent provisions of the
3 Alternative Dispute Resolution System (ADR) through the use of voluntary arbitration,
4 mediation, and conciliation process established under Republic Act No. 9285 and other
5 applicable laws currently being implemented in the Regional Trial Courts shall likewise be
6 applied in the resolution of labor cases before the Regional Courts of Labor Relations.

7 SECTION 13. *Appeal from the Regional Courts of Labor Relations.* - An appeal may be
8 taken from a judgment or final order that completely disposes of the case rendered by a Judge of
9 the Regional Court of Labor Relations to the Court of Appeals pursuant to the Rules of Court;
10 *Provided,* however, that the Supreme Court may promulgate rules and regulations specifically
11 suited to the proceedings before the Regional Court of Labor Relations as a court with
12 specialized jurisdiction.

13 SECTION 14. *Personnel Retention or Movement; Position and Salary Grade*
14 *Reclassification.* - Personnel assigned in the office of the Labor Arbiters shall be retained and
15 their position classification, salary grade level, and benefits shall correspondingly be adjusted to
16 conform with the staffing pattern of the Regional Courts of Labor Relations. Subject to the
17 personnel guidelines to be issued by the Supreme Court, personnel in the Commission with
18 permanent appointments shall either be transferred to the office of the Judges of the Regional
19 Courts of Labor Relations to augment their support staff or to the administrative offices in the
20 regional branches.

21 SECTION 15. *Personnel Separated from Service.* - Personnel separated from the service
22 as a result of the implementation of this Act shall enjoy the rights and protection provided them
23 under existing laws and such other pertinent rules and regulations. In any case, no lay-off shall
24 be effected until funds to cover the gratuity and/or retirement benefits of those laid off are duly
25 certified as available.

1 SECTION 16. *Transitory Provision; Disposition of Pending Cases Before the*
2 *Commission* - All pending cases before the Divisions of the Commission shall be disposed of by
3 them within the winding-up period of not more than One Hundred Twenty (120) days.
4 Thereafter, all unresolved cases shall be deemed appealed to the Court of Appeals pursuant to the
5 Rules of Court and records thereof shall be forwarded by the Commission to the Court of
6 Appeals.

7 SECTION 17. *Appropriations; Funding Source.* - The amount necessary for the initial
8 implementation of this Act shall be taken from the unexpended funds as a result of the abolition
9 of the Commission. The fees collected and interests on deposits by the Regional Courts of Labor
10 Relations shall accrue to the funds provided for under Republic Act No. 9227, as part of the
11 funding source for special allowance of the Judges of the Regional Court of Labor Relations
12 similar to that of that of the Judges of the Regional Trial Court. Any deficiency shall be sourced
13 out of any funds in the National Treasury not otherwise appropriated. Thereafter, such sums as
14 may be necessary for the continued implementation of this Act shall be included in the budget of
15 the Supreme Court for the succeeding General Appropriations Acts.

16 SECTION 18. *Issuance of Implementing Guidelines.* - The Supreme Court and the
17 Secretary of Budget and Management shall issue the necessary guidelines for the proper
18 implementation of this Act with respect to funds coming from the National Treasury within
19 ninety (90) days from approval hereof.

20 SECTION 19. *Separability Clause.* - If any provision or portion of this Act shall be held
21 unconstitutional or invalid, all other parts or provisions not affected thereby shall continue to
22 remain in full force and effect.

23 SECTION 20. *Repealing Clause.* - All provisions of existing laws, orders, decrees, rules
24 and regulations inconsistent with this Act are hereby repealed, modified, or amended
25 accordingly.

1 SECTION 21. *Effectivity.* - This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of general circulation.

Approved,