

FIFTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
First Regular Session

SENATE  
SECRETARY

SENATE

19 JUL -7 11:02

Senate Bill No. 603

RECEIVED BY 

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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**EXPLANATORY NOTE**

Section 9 of R.A. 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.

However, there are only about 100 labor inspectors tasked to inspect almost 1,000,000 establishments nationwide. The lack of labor inspectors partly explains the low rate of compliance with existing wage orders and labor laws. 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.

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  
Senator

SENATE

10 JUL -7 11:02

Senate Bill No. 603

RECEIVED BY: 

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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**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**

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

**SECTION 1.** Section 9 of Republic Act No. 7627, otherwise known as the Wage Rationalization Act, is hereby amended to read as follows:

"Sec. 9. 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. In unionized companies, the Department of Labor and Employment inspectors shall always be accompanied by the president or any responsible officer of the recognized bargaining unit of any interested union in the conduct of the inspection. In non-unionized companies, establishments or businesses, the inspection shall be carried out in the presence of a worker representing the workers in the said company. The workers' representative shall have the right to submit his own findings to the Department of Labor and Employment and to testify on the same if he cannot concur with the findings of the labor inspector.

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

"IN ADDITION TO THEIR REGULAR FUNCTIONS, LABOR INSPECTOR SHALL HAVE THE AUTHORITY TO INITIATE AND FILE CRIMINAL ACTIONS AGAINST PERSON, CORPORATION, TRUST, FIRM, PARTNERSHIP, ASSOCIATION OR ENTITY WHICH REFUSES OR FAILS TO PAY ANY OF THE PRESCRIBED INCREASES OR ADJUSTMENTS IN THE WAGE RATES MADE IN ACCORDANCE WITH THIS ACT. THEY SHALL ALSO HAVE THE POWER TO ISSUE SUBPOENA, ADMINISTER OATH OR AFFIRMATION, AND CALL UPON

LAW ENFORCEMENT AGENCIES TO ASSIST THEM IN CONDUCTING INSPECTIONS.

"THE FUNDS NECESSARY TO CREATE THE NEW POSITION OF LABOR INSPECTOR SHALL BE TAKEN FROM THE INTERNAL REVENUE ALLOTMENT OF THE LOCAL GOVERNMENT UNITS CONCERNED.

"ALL PERSONNEL OF THE ABOVE ABOLISHED POSITION SHALL CONTINUE TO FUNCTION IN A HOLDOVER CAPACITY AND SHALL BE PREFERENTIALLY CONSIDERED FOR APPOINTMENTS TO OR PLACEMENT IN THE NEW POSITION OF LABOR INSPECTOR; PROVIDED THAT THEY QUALIFY UNDER THE CRITERIA TO BE PRESCRIBED BY THE SECRETARY OF LABOR AND EMPLOYMENT.

"ANY LABOR INSPECTOR SEPARATED FROM THE SERVICE AS A RESULT OF THE ABOLITION OF POSITION PURSUANT TO THIS ACT SHALL BE ENTITLED TO APPROPRIATE SEPARATION PAY AND RETIREMENT AND OTHER BENEFITS ACCRUING TO THEM UNDER EXISTING LAWS. IN LIEU THEREOF, AT THE OPTION OF THE EMPLOYEE, HE SHALL BE PREFERENTIALLY CONSIDERED FOR EMPLOYMENT IN THE GOVERNMENT OR IN ANY OF ITS SUBDIVISIONS, INSTRUMENTALITIES, OR AGENCIES, INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND THEIR SUBSIDIARIES."

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

*Approved,*