

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 5712

Introduced by: **HON. ROSELLER L. BARINAGA**
2ND District, Zamboanga del Norte

EXPLANATORY NOTE

In 1989, R.A. 6715 amended PD 442, otherwise known as the Labor Code of the Philippines, establishing the National Labor Relations Commission (NLRC) as a **quasi-judicial body** exclusively tasked with adjudicating labor disputes. In the exercise of its quasi-judicial functions, the NLRC generates income from the legal/service fees collected and interest earnings on its deposits with the government authorized depository banks.

Thus, in the discharge of its functions and duties, the NLRC can generate its own funds and resources to help augment its operational budgetary requirements and ensure the uplift of all its members and personnel. The National government will not anymore be burdened by providing recurring allocations for this purpose in the annual General Appropriations Act since these can now be sourced from the legal/service fees collected by and the interest earnings on deposits of the NLRC. This will also serve as a welcome incentive for the NLRC to religiously collect the service fees from the party-litigants.

Moreover, this measure is likewise aimed at addressing the very recent provision of R.A. 9347 which grants the NLRC Commissioners and

Labor Arbiters not only parity in rank but equality in allowance and other benefits with that of the Justices of the Court of Appeals and Judges of the Regional Trial Courts, respectively. Unfortunately, there was **no funding** provided therein for the said allowances and other benefits, thus rendering it a dead-letter provision.

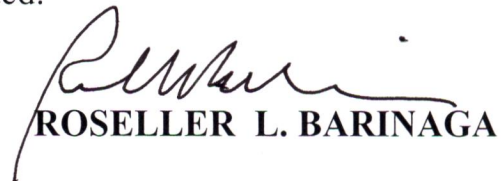
In fact, as early as 1989 when the NLRC was created under R.A. 6715, the NLRC Chairman and Commissioners were already granted “the same allowance and benefits as those of the Presiding Justice and Associate Justices of the Court of Appeals, respectively”. However, for **lack of funding provision** therein, these benefits due the said NLRC officials remained **unimplemented for the last Seventeen (17) years!**

This same budgetary problem was previously faced by the Judiciary. However, it was remedied when *Presidential Decree No. 1949* was promulgated on July 18, 1984, “*Establishing A Judiciary Development Fund*” (JDF). Thenceforth, the allowances and other benefits of the court officials and personnel are now sourced from the JDF without need of annual allocations from the National government for this purpose.

The creation/establishment of a special fund is not new in the Labor Code itself because under **Article 277 (f)** thereof, a “**special Voluntary Arbitration Fund**” administered by the National Conciliation and Mediation Board (NCMB) was established pursuant to R.A. 6715 with an annual budgetary allocation of **P15Million beginning 1989**.

Hence, the very significant difference between the **NCMB Voluntary Arbitration Fund** and the **NLRC Development Fund** is that **the latter does not require any funding allocation from the National government**. The Fund sought to be created by this Bill is self-generating and self-sustaining.

Given this situation, it is high time that Congress must and should act on this measure with dispatch to remedy the hiatus in R.A. 6715 and R.A. 9347 which the Legislature itself has enacted.


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AN ACT
ESTABLISHING A NATIONAL LABOR RELATIONS COMMISSION
DEVELOPMENT FUND THEREBY AMENDING FOR THE PURPOSE
ARTICLE 277 OF P.D. 442, AS AMENDED, OTHERWISE KNOWN AS
THE LABOR CODE OF THE PHILIPPINES.

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

SECTION 1. Article 277 of the P.D. 442, as amended, otherwise
known as the Labor Code of the Philippines, is hereby further amended by
adding paragraph "(j)" therein to read as follows:

"ART. 277. MISCELLANEOUS PROVISIONS.

(j) There is hereby established a National Labor Relations
Commission Development Fund, hereinafter referred to as the **Fund**,
for the benefit of the members and personnel of the National Labor
Relations Commission, hereinafter referred to as the **NLRC**, to help
ensure and guarantee the administrative independence of the NLRC as
a quasi-judicial body pursuant to the Labor Code, as amended by R.A.
9347 for the speedy and impartial administration of labor justice.

The Fund shall be derived from, among others, the legal/service fees collected by and interest earnings on deposits of the NLRC. The Fund shall be used to augment the allowances of the Commissioners and Labor Arbiters as provided for in R.A. 9347, including the cost of living allowances of the NLRC personnel, and to finance the acquisition, maintenance and repair of office equipments and facilities; Provided, That not more than Eighty percent (80%) of the said Fund shall be used for said allowances, and not more than Twenty percent (20%) shall be used for office equipments and facilities of the NLRC.

The Chairman of the NLRC shall administer and allocate the Fund and shall have the exclusive power and duty to approve and authorize the disbursements and expenditure of the Fund in accordance with the implementing rules and regulations to be promulgated by the Commission *en banc* within the parameters set forth in Sec. 1 hereof.

The amounts accruing to the Fund shall be deposited by the Chairman of the NLRC or his duly authorized representative, in an authorized government depository bank or private bank owned or controlled by the government. The Commission on Audit, through the Auditor of the NLRC or his duly authorized representative, shall quarterly audit the receipts, revenues, uses, disbursements and expenditures of the Fund, and submit the appropriate report in writing to the Chairman of the Commission on Audit and to the Chairman of the NLRC, copy furnished the members of the Commission *en banc*.

The Commission *en banc* shall promulgate the rules and regulations to implement this Law.

SECTION 2. All laws, decrees, executive or administrative orders, rules and regulations, or parts thereof, inconsistent with this Law are hereby deemed modified, amended or repealed.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation, whichever comes first.

Approved.