

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
First Regular Session

HOUSE BILL NO. 5318



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The **Department of Labor and Employment** is mandated to promote gainful employment opportunities, develop human resources, protect workers and promote their welfare and maintain industrial peace.

The **Employees Compensation Commission (ECC)** is a government corporation. It is attached to the Department of Labor and Employment (**DOLE**) for policy coordination and guidance.

The ECC was created on November 1, 1974 by virtue of PD 442 or the Labor Code of the Philippines. It, however, become fully operational with the issuance of PD 626 which took effect January 1, 1975.

It is a quasi-judicial corporate entity created to implement the Employees' **Compensation Program (ECP)**. The ECP provides a package of benefits for public and private sector employees and their dependents in the event of work-connected contingencies such as sickness, injury, disability or death.

This House Bill seeks to provide **Modernization Funding** to the **Employees Compensation Commission (ECC)**, to ensure that the country fulfills its commitments to provide meaningful and appropriate compensation to workers.

Thus, the early passage of this bill is earnestly requested.

A stylized, handwritten signature in black ink. The signature is fluid and cursive, starting with a large, sweeping 'M' and ending with a long, horizontal flourish.

MICHAEL L. ROMERO

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AN ACT

PROVIDING FOR MODERNIZATION FUNDINGFOR THE
EMPLOYEES COMPENSATION COMMISSION (ECC), INCREASING
AND REORGANIZING ITS ADMINISTRATION, AND FOR OTHER
PURPOSES

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

SECTION 1. DECLARATION OF POLICY – It shall hereby be a declared policy of the state to:

- formulate policies and guidelines for the improvement of the employees' compensation program.
- Review and decide on all EC appealed claims disapproved by the Systems; and
- Initiate policies and programs toward adequate occupational health and safety and accident prevention in the working environment.

The state shall foster the organization and functions of the Department of Labor and Employment in accordance with the provisions of Executive Order No. 126,

as amended, the **Labor Code of the Philippines**, and other relevant and pertinent legislations.

The Department shall have exclusive authority in the administration and enforcement of labor and employment laws and such other laws as specifically assigned to it or to the Secretary of Labor and Employment.

The state shall formulate policies for the efficient and effective administration and management of all manpower, skills and competencies to ensure compliance.

SECTION 2. MODERNIZATION FUNDING. – The amount of Five Hundred Million Pesos (**Php 500,000,000.00**) for the operation and administration of the *Employees Compensation Commission* shall be chargeable against funds for the purpose and other sources recommended by the Department of Budget and Management (**DBM**). Thereafter, appropriations for the *Employees Compensation Commission* shall be included in the budget proposals under the Department of Labor and Employment (**DOLE**).

Thereafter, the amount needed for the continued implementation of the modernization program, shall be included in the annual General Appropriations Act (**GAA**).

SECTION 3. ECC MODERNIZATION FUND – There is hereby created the *ECC Modernization Fund* to be used exclusively for the *ECC Modernization Program*.

The *ECC Modernization Fund* shall be administered by the Secretary of the **DOLE** in accordance with existing government budgeting, accounting and auditing rules and regulations.

SECTION 4. PROGRESS REPORT – The Secretary of **DOLE** shall prepare an annual report on the status of the implementation of the *ECC*

Modernization Programs which shall be submitted, to the Office of the President and to the Chairpersons of the Committee on Labor and Employment of the Senate and the House of Representatives.

SECTION 5. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of two **(2)** years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That the **ECC** shall continue to develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 6. POWERS AND FUNCTIONS. – The **ECC** shall continue to exercise and uphold the following powers and functions; but not limited to:

Under Article 177 of P.D. 626 as amended, the ECC has the following powers and functions:

- a.** To assess and fix a rate of contributions from all employers;
- b.** To determine the rate of contribution payable by an employer whose records show a high frequency of work accidents or occupational disease due to failure by the said employer to observe adequate measures;
- c.** To approve rules and regulations governing the processing of claims and the settlement of disputes arising therefrom as prescribed by the System;
- d.** To initiate policies and programs toward adequate occupational health and safety and accident prevention in the working environment, rehabilitation other than those provided for under Article 190 hereof, and other related

programs and activities, and to appropriate funds therefor.
(As amended by Sec. 3, P.D. 1368).

- e. To make the necessary actuarial studies and calculations concerning the grant of constant help and income benefits for permanent disability and death, and the rationalization of the benefits for permanent disability and death under the Title with benefits payable by the System for similar contingencies; **Provided;** That the Commission may upgrade benefits and add new ones subject to approval of the President; and **Provided, Further,** That the actuarial stability of the State Insurance Fund shall be guaranteed; **Provided, Finally,** that such increases in benefits shall not require any increases in contribution, except as provided for in paragraph (b) hereof. (As amended by Sec. 3, P.D. 1641).
- f. To appoint the personnel of its staff, subject to civil service law and rules, but exempt from WAPCO law and regulations;
- g. To adopt annually a budget of expenditures of the Commission and its staff chargeable against the State Insurance Fund; Provided, that the SSS and GSIS shall advance on a quarterly basis the remittance of allotment of the loading fund for this Commission's operational expenses based on its annual budget as duly approved by the Ministry of Budget and Management. (As amended by Sec. 3, P.D. 1921).
- h. To have the power to administer oath and affirmation, and to issue subpoena and subpoena duces tecum in connection with any question or issue arising from appealed cases under this Title.
- i. To sue and be sued in court;

- j. To acquire property, real or personal, which may be necessary or expedient for the attainment of the purposes of this Title;
- k. To enter into agreements or contracts for such services or aid as may be needed for the proper, efficient and stable administration of the program;
- l. To perform such other acts as it may deem appropriate for the attainment of the purposes of the Commission and proper enforcement of the provisions of this Title. (As amended by Sec. 18, P.D. 850)

SECTION 7. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 8. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 9. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 10. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 11. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,