

Bureau of Working Conditions

EXECUTIVE SUMMARY 2012 Year-End Performance Report

Labor Standards Enforcement Program (LSEP) draws its legal mandate from Article 128 of the Labor Code of the Philippines, as amended and Department Order No. 57-04. However, the aforesaid Department Order was reformulated through the issuance of Memorandum Circular No. 1 dated February 24, 2012 whereby the coverage of the Inspection Approach was modified from 10-199 workers to 10 and more workers and coverage of the Self-Assessment Approach to unionized establishments with certified CBA. The total number of inspectionable establishments (those employing 10 and more workers) increased by 13.60% or 76,765 establishments compared to 67,575 establishments in 2010, based on the 2011 NSO data as reflected in the Current Labor Statistics (CLS).

I. INSPECTION

**Table 1. INSPECTION-LSEP COMPARATIVE ACCOMPLISHMENTS
CY 2006 - December 2012**

INDICATORS	2006	2007	2008	2009	2010	2011	As of Dec 2012
A. INSPECTION APPROACH							
1. Target							24,753
2. Total Establishments Inspected	19,256	24,842	26,169	4,670	35,391	30,727	27,264
2.1 Routine	16,987	23,550	24,246	0	33,824	29,029	26,368
2.2 Complaint	2,269	1,292	1,923	4,670	1,567	1,698	896
2.3 Workers Covered	590,418	688,029	648,946	219,120	1,033,289	651,890	927,873
PERCENT ACCOMPLISHMENT							110.14%
3. Establishments Found with Violations	9,777	10,995	11,672	2,954	12,813	10,049	12,215
3.1 Minimum Wage	3,349	4,856	4,631	995	6,624	6,066	5,886
4. Establishment. Complying upon Inspection	9,479	13,847	14,497	1,716	22,578	20,678	15,049
4.1 Compliance Rate	49.23%	55.74%	55.40%	36.75%	63.80%	67.30%	55.20%
4.1.1 Compliance Rate on MW	82.61%	80.45%	82.30%	78.69%	81.28%	80.26%	78.41%
5. Establishments Corrected at Plant Level	2,250	1,672	1,387	270	1,533	1,616	2,674
5.1 Workers Benefited	37,829	28,299	24,045	4,768	44,491	15,118	46,292
5.2 Amount of Restitution (PhP)	23,446,925	38,737,747	29,989,511	19,003,932	21,655,691	54,541,663	42,574,655
5.3 Correction Rate (%)	23.01%	15.21%	11.88%	9.14%	11.96%	16.08%	21.89%
6. Total Establishments Complying after Correction	11,729	15,519	15,884	1,986	24,111	22,294	17,723
6.1 Total Compliance Rate	60.91%	62.47%	60.70%	42.53%	68.13%	72.56%	65.01%

With reference with Table 1, the following are the highlights of accomplishment of the Inspection Program:

1. For the current year, 24,753 establishments were targeted for inspection. The Regional Offices were able to conduct 26,368 routine and 896

complaint inspection for a total of 27,264 establishments inspected. As a result, the accomplishment was 110.14%. For the past six (6) years, complaint inspections ranged between 1,282 (2007) to 2,269 (2006) with the highest of 4,670 in 2009. For 2012, there was a steep decline to 896 complaint inspections and this may be attributable to the SEnA Program of the Department which provided an alternative resolution for just, expeditious and inexpensive settlement of labor disputes through conciliation and mediation. Prior to SEnA, complaints involving Labor Standards cases were immediately subjected to inspection. Figures in previous years averaged 2,183 complaint inspections annually.

2. It will be noted that in the implementation of Project Inspection-BLITZ (2007- 2008) and Project LEAP (2010-2011) compliance monitoring was focused on core labor standards and social welfare benefits. With the issuance of the Memorandum Circular, it effectively reverted labor standards enforcement to regular inspection wherein all aspects of labor standards compliance monitoring were looked into. Thus, the 55.20% compliance rate upon inspection was recorded for the current year compared with the 63.80% in 2010 and 67.30% in 2011. The year 2009 was exceptional because only complaint inspections were conducted in consideration of the global financial crisis when DOLE's efforts were more focused on job facilitation and sustaining of employment.
3. The Secretary issued a Memorandum dated April 12, 2011 whereby the dejudicialization of the conduct of inspection proceedings was harmonized with the objective of the Single Entry Approach (SEnA). The said Memorandum effectively extended the period for plant-level correction and restitution whereby establishments with noted violations after inspection are invited to a conference for the purpose of coming up with the amicable/compromise settlement of back wages/money claims. The said procedure is intended to encourage voluntary compliance and eventually avoid litigious case disposition proceedings. The above Table shows that a significant rise in correction rate of 21.89% compared with those in previous years (16.08% in 2011, 11.96% in 2010 and 9.14% in 2009) brought about the desired result for sustaining the Department's paradigm shift to voluntary compliance. The said correction rate resulted in P42,574,655 in restitution benefitting 46,292 workers. The voluntary correction made by the violating establishments resulted in the increase of compliance rate to 65.01%.

Another highlight of inspections for 2012 is the strict coverage of contractors and subcontractors among the usual inspection priorities such as establishments engaged in hazardous processes.

Table 2. Inspected Establishments by Industry

REGION	Establishments	Contractors/Subcontractors					Other Industries			
		Total 19.19%	Construction 18.43%	Security 48.77%	Janitorial 3.17%	Service Subcontractor 29.63%	Manpower 6.69%	Manufacturing 3.69%	Service 28.15%	Others 42.28%
Phils.	27,264	5,231	964	2,551	166	1,550	1,825	1,005	7,676	11,527

Contractors and subcontractors comprised 19.19% of the total number of establishments inspected. They were found among security agencies, service contractors, construction firms and janitorial services. Their total compliance rates are shown below.

Table 3. Summary Report on Inspection of Contractor/Subcontractor

INDICATORS	TOTAL PERFORMANCE
1.1 Total No. of contractors/subcontractors inspected	5,231
1.1.1 Construction (683 construction projects)	964
1.1.2 Service Contractors/Subcontractors	1,550
1.1.3 Security Agencies	2,551
1.1.4 Janitorial Agencies	166
1.2 COMPLIANCE RATE UPON INSPECTION (LS)	38.58%
1.2.1 General Labor Standards	52.51%
1.2.1.1 Minimum Wage	69.45%
1.2.2 Occupational Safety and Health Standards (OSHS)	83.67%
1.2.3 Other Related Labor Laws and issuances (ORLLI)	92.98%
1.2.4 Social Welfare Benefits	83.90%
1.2.4.1 SSS	86.39%
1.2.4.2 Pag-ibig	84.65%
1.2.4.3 Philhealth	86.04%
1.2.5 D.O. 18-A	85.68%
1.2.5.1 Construction	85.48%
1.2.5.2 Service contractors/subcontractors	88.77%
1.2.5.3 Security Agencies	84.05%
1.2.5.4 Janitorial Agencies	83.13%

There were 15,079 registered contractors and subcontractors. A total of 5,671 of these had valid registrations either with DO 18-02 and DO18-A for the 3-year period of 2009-2012 and 81 of these contractors' registrations have expired by December, 2012. 14.32% of the 5,231 inspected contractors and subcontractors had no registration with DO 18-A, resulting in a compliance rate of 85.68%.

Table 4. Registration and Inspection of Contractors/ Subcontractors as of December 2012

REGIONS	Registered Sub-Contractors	Valid Registration			Registration Expiring within next 30 days (Dec 2012)	Expired Registration	Inspected	No Registration DO 18-A
		Total	DO 18-02	DO 18-A				
Total	15,079	5,671	4,809	862	81	9,408	5,231	749

In addition, another Department Order, DO 118-12 or "Rules and Regulations Governing the Employment and Working Conditions of Drivers and Conductors in the Public Utility Bus Transport Industry" took effect on January 13, 2012. Thus, a total of 152 Labor Standards Compliance Certificates were issued covering 799 Certificates of Public Convenience involving 6,068 buses employing 7,406 bus drivers and 7,033 bus conductors.

Table 5. Issuance of Labor Standards Compliance Certificates for PUBs under DO 118-12

Region	No. of LSCCs Issued	No. of Buses	No. of CPCs Covered	Number of Bus	
				Drivers	Conductors
TOTAL	152	6,068	799	7,406	7,033

II. DISPOSITION OF CASES

Table 6. DISPOSITION OF CASES - COMPARATIVE ACCOMPLISHMENTS

INDICATORS	2006	2007	2008	2009	2010	2011	As of Dec 2012
1. Total Cases Handled	8,815	10,226	12,962	15,092	18,328	21,748	12,632
1.1 Labor Standards	8,815	10,226	12,962	9,316	12,075	15,772	12,033
1.2 Small Money Claims	*	*	*	5,776	6,253	5,976	599
2. Total Cases Disposed/Resolved	6,752	5,551	6,491	10,481	10,785	13,137	8,708
2.1 Labor Standards	6,752	5,551	6,491	6,083	6,074	10,516	8,301
2.2 Small Money Claims	*	*	*	4,398	4,711	2,621	407
3. Total Disposition Rate				69.45%	58.84%	60.41%	68.94%
3.1 Labor Standards	76.60%	54.28%	50.08%	65.30%	50.30%	66.68%	68.99%
3.2 Small Money Claims	*	*	*	76.14%	75.34%	43.86%	67.95%
4. Total Amount of Awards/Settlements	352,669,658	344,951,630	247,007,360	430,595,843	425,210,459	578,560,715	533,159,715
4.1 Labor Standards				284,335,950	375,309,142	543,554,648	526,624,897
4.1.1 By Compliance Order Issued				113,229,297	276,901,914	431,269,000	287,168,010
4.1.2 By Amicable Settlement				171,106,653	98,407,228	112,285,648	239,456,887
4.2 Small Money Claims				146,259,893	49,901,317	35,006,067	6,534,818
4.2.1 By Compliance Order Issued				3,594,474	1,028,093	564,728	279,216
4.2.2 By Amicable Settlement				142,665,419	48,873,224	34,441,339	6,255,602
4.3 Total Workers Benefited	55,084	54,330	50,312	45,863	56,715	88,745	55,165
4.3.1 Labor Standards	55,084	54,330	50,312	42,162	51,568	85,484	54,309
4.3.2 Small Money Claims				3,701	5,147	3,261	856

With reference to Table 6 above, a total of 12,033 labor standards cases were handled of which 8,301 were disposed, obtaining a disposition rate of 68.99%, resulting in the amount of P526,624,897.00 in awards/settlements benefitting 54,309 workers. There was a decrease in the number of labor standards cases handled by 23.71% resulting an increase in disposition rate by 2.31% this year. On the other hand, there were 599 cases of small money claims handled of which 407 were disposed, attaining a disposition rate of 67.95%, resulting to P6,534,818.00 in awards/settlements benefitting 856 workers. Due to SEnA, the number of small money claims cases decreased significantly by 89.98% compared with last year's figure of 5,976 cases. Because of this beneficial approach, all small money claims filed with the regional offices are now subject of conciliation/mediation proceedings through SEnA.

Project SPeED

Table 7. Project SPeED 5

Cases Handled	Cases Disposed	Disposition Rate	Amount of Restitution	Workers Benefitted
3,755	3,755	100%	175,468,827	12,651

A total of 3,754 Labor Standards cases and 1 Small Money Claim were enrolled in the said Program and subsequently disposed of, resulting in awards/settlements amounting to P 175,468,826.55 benefitting a total of 12,650 workers. As a result of the implementation of SPeED Phases 1-5, all pending Labor Standards cases were rendered current in status.

III. SELF ASSESSMENT

A total of 1,741 unionized establishments with certified CBAs were targeted for SA. However, 2,162 were provided with the required Checklist for their respective conduct of SA. Of these, 1,414 unionized establishments were covered involving 449,312 workers. Out of these covered establishments, 56 reported their deficiencies on labor standards resulting in a compliance rate of 96.04%.

IV. TRAINING AND ADVISORY VISITS

A total of 6,819 establishments were targeted for TAV Orientations. The Regional Offices were able to conduct 298 Orientations with 7,934 participating establishments employing 58,035 workers. Compliance rate upon orientation was 71%. 2,434 establishments with deficiencies were subjected to follow-up visits wherein 882 effected corrections resulting in 36.22% correction rate.

V. KAPATIRAN WISE-TAV PROGRAM

The KWT Program was first implemented in 2007 in Quezon Province with four (4) Big Brothers, 44 Small Brothers involving 2,042 workers. Five years later today, the numbers have grown into 154 Big Brothers, 1,204 Small Brothers covering 287,553 workers in all regions of the country. NCR, ROs XI, IVA and III have the most number of Big Brothers at 30, 33, 23 and 16 respectively.

VI. SAFETY MILESTONE (SMILE) PROGRAM

This year's recognition program has awarded 140 companies with no lost time accidents, 161 safety practitioners and 13 safety consultants. The awarded companies have a total of 66,563 workers, 535 subcontractors with an estimated 176,685,375 safe work hours and P23,983,974 economic savings.

VII. ACCREDITATION PROGRAM

For CY 2012, there were about 637 applications received/processed by 16 Regional Offices. Of these, 426 or 66.87% were approved with Certificates of Accreditation issued.

VIII. TRIPARTITE CERTIFICATE OF COMPLIANCE WITH LABOR STANDARDS (TCCLS)

The TCCLS is the is the first level award of the Incentivizing Compliance Program (ICP) which is given to an establishment/s through tripartite mechanism in recognition of its compliance with General Labor Standards (GLS), Occupational Safety and Health Standards (OSHS) and Child Labor Law.