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**EXECUTIVE ORDER NO. 126 January 31, 1987**

**REORGANIZING THE MINISTRY OF LABOR AND EMPLOYMENT AND FOR OTHER PURPOSES**

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that it has become necessary to introduce critical structural and functional changes in the Ministry of Labor and Employment to make it more responsive to the urgent demands of national economic recovery;

BELIEVING that the same Ministry has to streamline its operations by rationalizing its functions, structure and organization to make it more efficient and effective in undertaking its principal mission of translating the declared policy of the state on labor into meaningful program on employment promotion, manpower development and utilization, advancement of workers' welfare, provision for a decent living wage and other just and humane conditions of work and promotion of sound and stable industrial harmony as essential components of national economic recovery and developments;

RECOGNIZING that women and rural workers have a vital role in nation-building, the same Ministry has to create, promote and develop the conditions for their full utilization, including their protection and welfare.

NOW, THEREFORE, I, CORAZON C. AQUINO, by the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

Sec. 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Labor and Employment.

Sec. 2. Reorganization. The Ministry of Labor and Employment, hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally in accordance with the provisions of this Executive Order.

Sec. 3. Declaration of Policy. It is the declared policy of the State to afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race, or creed, and regulate the relations between workers and employers. The State shall assure the rights of the workers to self-organization, collective bargaining, security of tenure, and just and human conditions of work.

Sec. 4. Mandate and Objectives. The Ministry shall be the primary policy, programming, coordinating and administrative entity of the Executive Branch of the government in the field of labor and employment. It shall assume primary responsibility for:

(a) The promotion of gainful employment opportunities and the optimization of the development and utilization of the country's manpower resources;

(b) The advancement of workers' welfare by providing for just and humane working conditions and terms of employment;

(c) The maintenance of industrial peace by promoting harmonious, equitable, and stable employment relations that assure equal protection for the rights of all concerned parties.

Sec. 5. Powers and Functions. In pursuit of its mandate, the Ministry shall have the following powers and functions:

(a) Formulate and recommend policies, plans and programs for manpower development, training, allocation, and utilization;

(b) Protect and promote the interest of every citizen desiring to work locally or overseas by securing for him the most equitable terms and conditions of employment, and by providing social and welfare services;

(c) Regulate the employment of aliens, including the establishment of a registration and/or work permit system for such aliens;

(d) Formulate general guidelines concerning wage and income policy;

(e) Recommend necessary adjustments in wage structures with a view to developing a wage system that is consistent with national economic and social development plans;

(f) Provide for safe, decent, humane and improved working conditions and environment for all workers, particularly women and young workers;

(g) Maintain harmonious, equitable and stable labor relations system that is supportive of the national economic policies and programs;

(h) Uphold the right of workers and employers to organize and to promote free collective bargaining as the foundation of the labor relations system;

(i) Provide and ensure the fair and expeditious settlement and disposition of labor and industrial disputes through collective bargaining, grievance machinery, conciliation, mediation, voluntary arbitration, compulsory arbitration as may be provided by law, and other modes that may be voluntarily agreed upon by the parties concerned.

Sec. 6. Minister of Labor and Employment. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Labor and Employment, hereinafter referred by the President, and who shall have supervision and control over the Ministry. For such purposes, the Minister shall have the following powers and functions:

(a) Advise the President on the promulgation of executive/administrative orders, other regulative issuances and legislative proposals on matters pertaining to labor and employment;

(b) Formulate policies, guidelines, rules and regulations and other issuances necessary to carry out Ministry policies, plans, programs and projects;

(c) Issue orders, directives, rules and regulations and other issuances to carry out labor and employment policies, plans, programs and projects;

(d) Provide overall direction, supervision, and control over all offices under the Ministry to ensure effective and efficient implementation of its policies, plans, programs and projects;

(e) Coordinate with other government offices, labor, organizations, employers associations, and any other group to carry out the mandate of the Ministry;

(f) Evaluate the policy, plans, programs and project accomplishment of the Ministry;

(g) Prepare reports for the President and for the public;

(h) Delegate authority for the performance of any function to officers and employees of the Ministry;

(i) Exercise such other powers and functions as may be provided by law or assigned by the President.

Sec. 7. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff.

Sec. 8. Deputy Minister. The Minister shall be assisted by not more than four (4) Deputy Ministers who shall be appointed by the President upon the recommendation of the Minister. The Minister is hereby authorized to delineate and assign the respective functional areas of responsibility of the Deputy Ministers, provided, that such responsibility shall be with respect to the mandate and objectives of the Ministry; and provided, further, that no Deputy Minister shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, a Deputy Minister shall have the following functions:

(a) Advise and assist the Minister in the formulation and implementation of the Ministry's policies, plans, programs and projects;

(b) Oversee the operational activities of the Ministry;

(c) Coordinate the programs and projects of the Ministry for efficient and effective administration;

(d) Serve as deputy for the Minister;

(e) Perform, when so designated, the power and functions of the Minister, during the latter's absence or incapacity;

(f) Perform such other functions as may be provided by law or assigned by the Minister to promote the efficiency and effectiveness in the delivery of public services.

Sec. 9. Assistant Ministers. The Minister shall likewise be assisted by not more than four (4) Assistant Ministers who shall be appointed by the President upon the recommendation of the Minister. The Minister is hereby authorized to delineate and assign the respective areas of functional responsibility of the Assistant Ministers. Within his functional area of responsibility, an Assistant Minister shall assist the Minister and Deputy Ministers in the formulation, determination and implementation of laws, policies, plans, programs and projects on labor and shall oversee the day-to-day administration and supervision of the constituent units of the Ministry.

Sec. 10. Structural Organization. The Ministry shall consist of the Ministry proper comprising the Office of the Minister, the Office of the Deputy and Assistant Ministers, the Services and the Staff Bureaus, and its Regional Offices.

Sec. 11. Planning Service. The Planning Service shall provide the Ministry with efficient, effective and economical services relating to planning, programming, project development and evaluation, and the development and implementation of a management information system.

Sec. 12. Administrative Service. The Administrative Service shall provide the Ministry with efficient, effective and economical services relating to records, management, supplies, equipment, collections, disbursements, building administration and maintenance, security and custodial work.

Sec. 13. Human Resource Development Service. The Human Resource Development Service shall provide the Ministry with a program and corresponding projects that shall make available training, education and development opportunities needed to upgrade the levels of competence and productivity of Ministry managers and personnel. It shall absorb the powers and functions of the Administrative Service in relation to the development and administration of personnel programs including selection and placement, development, performance evaluation, employee relations and welfare.

Sec. 14. Financial Management Service. The Financial and Management Service shall be responsible for providing the Ministry with efficient, effective and economical services relating to budgetary, financial, management improvement and internal control matters.

Sec. 15. Legal Service. The Legal Service shall provide legal advice and service to Ministry officers and employees; prepare informative or clarificatory opinions on labor laws, rules and regulations for uniform interpretation thereof; answer legal queries from the public; assist the Office of the Solicitor General in suits involving the Ministry or its officers or employees or act as their principal counsel in all actions taken in their official capacity or other causes before judicial or administrative bodies.

Sec. 16. International Labor Affairs Service. The International Labor Affairs Service shall be responsible for monitoring the observance and implementation of all obligations, courtesies, and facilities required by international labor affairs, particularly the International Labor Organization, the Conference of Asian Pacific Labor Ministries, the ASEAN Labor Ministers Meeting of which the Philippines is a member, and related international labor standards and agreements reached in various international labor forums, treaties, and other multilateral, bilateral or multi-bilateral agreements in the area of labor and employment; provide staff support and policy guidelines to the Minister in the supervision, monitoring and reporting of the activities of the Philippine overseas labor officers assigned in different countries; serve as the instrumentality of the Ministry for technical cooperation, programs and activities with other countries and international institutions.

Sec. 17. Information and Publications Service. The Information and Publication Service shall be responsible for promoting rapport and understanding between the Ministry and the public through the development of public relations programs and the dissemination of accurate and updated information on labor and employment, by means of publications and media coverages of special events and related matters on the Ministry's policies, plans, programs, and projects; shall likewise be responsible for providing answers to queries from the public regarding the Ministry's policies, rules, regulations, programs, activities and services.

Sec. 18. Bureaus. The following staff bureaus of the Ministry are hereby retained and shall continue to have the same functions, except as otherwise provided herein:

- (a) Bureau of Local Employment;
- (b) Bureau of Women and Young Workers;
- (c) Bureau of Rural Workers;
- (d) Bureau of Labor Relations, which shall continue to perform its present functions except those to be absorbed by the National Mediation and Conciliation Board as provided under Section 29 (c) hereof; and
- (e) Bureau of Working Conditions.

Sec. 19. Attached Agencies. The following agencies shall continue to be attached to the Ministry for policy and program coordination and administrative supervision:

- (a) National Wages Council;
- (b) Philippine Overseas Employment Administration;
- (c) Employees' Compensation Commission which is hereby reorganized to include the Executive Director of the ECC as an ex-officio member of the Commission;
- (d) The National Manpower and Youth Council;
- (e) The National Labor Relations Commission;
- (f) The Welfare Fund for Overseas Workers' Administration which is hereby renamed as the Overseas Workers' Welfare Administration;
- (g) Maritime Training Council; and

(h) National Maritime Polytechnic.

Sec. 20. Center for Labor Studies. There is hereby created a Center for Labor Studies, hereinafter referred to as the Center, which shall be under the administrative supervision of the Minister. The Center shall absorb the research and publication functions of the Institute of Labor and Manpower Studies which is hereby abolished in accordance with Section 29 (b). The Center, to be headed by an Executive Director, assisted by a Deputy Executive Director, shall have the following functions:

- (a) Undertake research and studies in all areas of labor and manpower policy and administration;
- (b) Review the rationale of existing legislation and regulations and analyze the costs involved in the implementation of such legislation against the benefits expected to be derived;
- (c) Study and develop innovative and indigenous approaches towards the promotion of harmonious and productive labor-management relations, and the improvement of workers' welfare services;
- (d) Develop and undertake research programs and projects in collaboration with other national agencies to enhance the Ministry's capability to participate in national decision and policy making;
- (e) Enter into agreements with international or bilateral agencies for the carrying out of the foregoing functions;
- (f) Expand the scope of its research interests into other countries and regions;
- (g) Publish its research studies for dissemination to government as well as to all concerned parties; and
- (h) Perform such other functions as may be provided by law or assigned by the minister.

Sec. 21. Bureaus of Labor and Employment Statistics. A Bureau of Labor and Employment Statistics is hereby created and shall absorb the functions of the Labor Statistics Service which is hereby abolished in accordance with Section 29 (b). The Bureau shall have the following functions:

- (a) Formulate, develop and implement plans and programs on the labor statistical system in order to provide the government with timely, accurate and reliable data on labor and employment.
- (b) Conduct nationwide surveys and which will generate trends and structures on labor and employment.
- (c) Develop and prescribe uniform statistical standards, nomenclatures and methodologies for the collection, processing, presentation and analysis of labor and employment data.
- (d) Establish appropriate mechanisms for the coordination of all statistical activities in the Ministry and for collaboration with other government and private agencies including international research organizations in the conduct of surveys and studies in the area of labor and employment.
- (e) Disseminate statistical information and provide statistical services/advice to the users by establishing a data bank and issuing the Bureau's statistical materials and research findings.
- (f) Develop and undertake programs and projects geared towards the enhancement of the technical competence of the Ministry on theories, techniques and methodologies for the improvement of the labor statistical system.
- (g) Monitor and exercise technical supervision over the statistical units in the Ministry and its agencies.
- (h) Perform such other functions as may be provided by law or assigned by the Minister.

Sec. 22. National Conciliation and Mediation Board. A National Conciliation and Mediation Board, herein referred to as the "Board", is hereby created and which shall absorb the conciliation, mediation and voluntary arbitration functions of the Bureau of Labor Relations in accordance with Section 29 (c) hereof. The Board shall be composed of an Administrator and two (2) Deputy Administrators. It shall be an attached agency under the administrative supervision of the Minister of Labor and Employment.

The Administrator and the Deputy Administrators shall be appointed by the President upon recommendation of the Minister of Labor and Employment. There shall be as many Conciliators-Mediators as the needs of the public service require, who shall have at least three (3) years of experience in handling labor relations and who shall be appointed by the President upon recommendation of the Minister.

The Board shall have its main office in Metropolitan Manila and its Administrator shall exercise supervision over Conciliators-Mediators and all its personnel. It shall establish as many branches as there are administrative regions in the country, with as many Conciliators-Mediators as shall be necessary for its effective operation. Each branch of the Board shall be headed by an Executive Conciliator-Mediator.

The Board shall have the following functions:

- (a) Formulate policies, programs, standards, procedures, manuals of operation and guidelines pertaining to effective mediation and conciliation of labor disputes;
- (b) Perform preventive mediation and conciliation functions;

- (c) Coordinate and maintain linkages with other sectors or institutions, and other government authorities concerned with matters relative to the prevention and settlement of labor disputes;
- (d) Formulate policies, plans, programs, standards, procedures, manuals of operation and guidelines pertaining to the promotion of cooperative and non-adversarial schemes, grievance handling, voluntary arbitration and other voluntary modes of dispute settlement;
- (e) Administer the voluntary arbitration program; maintain/update a list of voluntary arbitrations; compile arbitration awards and decisions;
- (f) Provide counselling and preventive mediation assistance particularly in the administration of collective agreements;
- (g) Monitor and exercise technical supervision over the Board programs being implemented in the regional offices; and
- (h) Perform such other functions as may be provided by law or assigned by the Minister.

Sec. 23. Transfer. The National Productivity Commission is hereby transferred from the National Economic Development Authority and attached to the Ministry in accordance with Section 29 (c) hereof. The Commission shall primarily deal with productivity promotion and enhancement, education and training, coordination/monitoring, funding and the conduct of special and policy studies directly related to its activities. It shall have the Minister of Trade and Industry as Chairman and the Minister of Labor and Employment as Vice-Chairman.

Sec. 24. Regional Offices. The Ministry is hereby authorized to establish, operate and maintain such ministry-wide Regional Offices in each of the administrative regions of the country, insofar as necessary, which shall be headed by a Regional Director who shall have supervision and control thereof. The Regional Director, whenever necessary, shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its regional area, the following functions:

- (a) Implement laws, policies, plans, programs projects, rules and regulations of the Ministry;
- (b) Provide economical, efficient and effective service to the people;
- (c) Coordinate with regional offices of other ministries and agencies;
- (d) Coordinate with local government units; and
- (e) Perform such other functions as may be provided by law or assigned by the Minister.

Sec. 25. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister for the Ministry within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunctions or restraining order to enjoin the separation/replacement of any officer of employee affected under this Executive Order.

Sec. 26. Prohibition Against Reorganizational Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

Sec. 27. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

Sec. 28. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

Sec. 29. Transitory Provisions. In the abolition/transfer of entity/functions as prescribed in the Executive Order, the following rules shall be provided:

- (a) Any transfer of entities shall include the functions, appropriations, funds, records, equipment, facilities, other properties, assets, and liabilities and of the transferred entity as well as the personnel thereof as may be necessary, who shall, in a hold over capacity, continue to perform their respective duties and responsibilities and

receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel from the transferred entity whose positions are not included in the new position structure and staffing pattern approved by the Minister or who are not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(b) Any transfer of functions which results in the abolition of the entity that has exercised such transferred functions shall include as may be necessary, to the proper discharge of the transferred functions, the appropriations, funds, records, equipment, facilities, other assets, and personnel of the entity from which such functions have been transferred. The remaining appropriations and funds shall revert to the General Fund and the remaining records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determine or otherwise shall be disposed of, in accordance with the Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, of the abolished entity shall be treated likewise in accordance with the Auditing Code and other pertinent laws, rules and regulations. Incumbents of the abolished entity shall, in a hold over capacity continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel whose position is not included in the new position structure and staffing pattern approved by the Minister or who is not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(c) Any transfer of functions which does not result in the abolition of the entity that has exercised such transferred functions shall include the appropriations, funds, records, equipment, facilities, other assets as well as the personnel of the entity from which such functions have been transferred that are necessary to the proper discharge of such transferred functions. The liabilities, if any, which have been incurred in connection with the discharge of the transferred functions shall be allocated in accordance with the Auditing Code and the pertinent laws, rules and regulations. Such personnel shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel whose position is not included in the new position structure and staffing pattern approved by the Minister or who is not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(d) In case of the abolition of an entity which does not result in the transfer of its functions to another entity, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities and other assets thereof shall be allocated to such appropriate units as the Minister shall determine or otherwise shall be disposed of in accordance with the Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, of the abolished entity shall be treated in accordance with the Auditing Code and other pertinent laws, while the personnel thereof shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

Sec. 30. Change of Nomenclatures. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Labor and Employment and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Under Secretary, and Assistant Secretary, respectively.

Sec. 31. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

Sec. 32. Separability Clause. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirety.

Sec. 33. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

Sec. 34. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 31th day of January, in the year of Our Lord, nineteen hundred and eighty-seven.