



Republic of the Philippines
CONGRESS OF THE PHILIPPINES

Senate
PASAY CITY

SUBJECT : **SPOT REPORT ON THE 11:00 A.M., 10 NOVEMBER 2004
PUBLIC HEARING OF THE COMMITTEE ON LABOR,
EMPLOYMENT AND HUMAN RESOURCES
DEVELOPMENT HELD AT THE RECTO ROOM TO
DISCUSS SBN 848 – *INCREASING THE MONTHLY
SALARY OF CONTRACTUAL WORKERS BY FIFTY
PERCENT (50%)***

DATE : **16 NOVEMBER 2004**

I. PRELIMINARY:

SENATORS PRESENT: J. Estrada, Flavier, Enrile & Lacson

RESOURCE PERSONS: Josephus Jimenez, Undersecretary, Department of Labor and Employment (DOLE); Teresa Manzala, Director, DOLE; Gay Cororaton, National Economic Development Authority (NEDA); Eriberto Valencia, Professor, Social Legislation; Benjamin Co, Representative, Federation of Filipino Chinese Chamber of Commerce and Industry; Linda Dichoson, President, Philippine Association of Local Service Contractor; Dioscora Arellano, Representative, Shoemart Inc.; Don Honculada, Assistant Vice President, Robinsons; Julius Maling, President, Uniwide Realty; Federico Ples, Representative, Uni Mart; Daniel Edralin, Chairman, Alliance of Progressive Labor; Ferdinand Gaité, Representative, Confederation for Unity, Reforms and Advancement of Government Employees (COURAGE); Nanette Miranda, Spokesperson, Koalisyon Laban sa Kontraktwalisasyon; Janet Vingco, Contractual Employee, Mode International Garment.

II. DISCUSSION:

Senator Jinggoy Estrada stated that SBN 848 is timely in the light of certain dubious practices in many business establishments. Department of Labor and Employment Director Teresa Manzala confessed that they were unable to bring with them statistical data on erring companies. However she boasted that DOLE conducts spot inspections to ascertain compliance with labor regulations.

On the query of Senator Flavier, DOLE Undersecretary Josephus Jimenez expressed apprehension that SBN 848, if enacted, would merely lead to wage distortions. In the long run, it might result to more retrenchment.

Undersecretary Jimenez explained that contractualization enables employers to cut costs and withhold the provision of certain monetary benefits. Senator Lacson volunteered to withdraw SBN 848 if it would just bring about deleterious consequences to the labor sector.

Senator Lacson told the Committee that he filed SBN 848 bereft of any political motives since he would not be seeking reelection in CY 2007. Senator Lacson maintained that SBN 848 would promote regularization of the tenure of employees and discourage contractualization. *Koalisyon Laban sa Kontraktwalisasyon* Spokesperson Nanette Miranda calculated that 67% of the shopping mall employees are contractual workers. Miss Miranda profusely thanked Senator Lacson's selfless acts and the latter's ardent desire to attend to the plight of the exploited contractual employees.

Shoemart representative Atty. Dioscora Arellano divulged that 40% of their employees are "seasonal workers" and not contractual employees. Senator Lacson/Undersecretary Jimenez pointed out that "seasonal workers" as envisioned in the Labor Code pertains only to agricultural workers.

At this juncture, Senator Enrile pounded the table and ordered the resource persons to observe proper decorum by not speaking simultaneously. Senator Enrile accused Atty. Arellano of deliberate lying. Senator Enrile threatened to cite the SM representative for contempt for the latter's insistence that SM does not employ contractual workers.

Senator Enrile directed the Secretariat to issue a subpoena to Mr. Henry Sy for the latter to submit all the employment records and payrolls of SM for the last five years. Atty. Arellano argued that she does not deserve to be cited for contempt since she had no actuations or utterances which may be deemed as disrespectful. Her remarks were merely differences in opinion.

On the policy of SM on the regularization of employees, Atty. Arellano replied that their primordial concern is the need of the business. Alliance of Progressive Labor Chairman Daniel Edralin revealed that almost all of the employees who get absorbed in the regular workforce are members of Iglesia ni Cristo (INC). Mr. Edralin observed that INC members abhor strikes and membership in unions.

Senator Enrile concluded that since only five percent of the contractual workers are retained therefore SM must really have a lousy recruitment process. Atty. Arellano admitted that there are inherent defects in their system.

Federation of Filipino Chinese Chamber of Commerce and Industry Representative Benjamin Co pressed the Committee to undertake more in depth studies on the matter since the provisions of SBN 848 has far reaching consequences. Of the 820,000 business establishments, 96% are essentially micro business.

Former Mode International Garment (MIG) contractual employee Janet Vingco charged that MIG employs minors who are made to work more than the prescribed number of hours without extra pay. Miss Vingco added that MIG's rank and file were deceived into forming a cooperative in order to avoid being under the authority of DOLE and instead belong to the jurisdiction of the impotent Cooperative Development Authority. The Chair ordered the Secretariat to subpoena the MIG owner for the next Committee Meeting.

APL Chairman Edralin explained that contractualization is a clever maneuver to deter the establishment of unions. Contractualization is not confined to malls but are also being utilized in hotels, restaurants and fast food joints. He cited the case of Diamond Hotel wherein 90% of its staff are contractual employees. Mr. Edralin divulged that contractual workers upon completion of their five and a half months tour of duty assume a different identity to be rehired.

The Chair requested Social Legislation Professor Eriberto Valencia to submit a position paper on the matter of contractualization. Senator Enrile likewise urged Undersecretary Jimenez to 1) furnish the Committee the appropriate provisions to address the contractualization issue 2) transmit a synthesis of the Supreme Court cases on the subject of contractualization.

Senator Enrile vowed to work for the passage of SBN 848 to obliterate the malevolent practice of contractualization. Atty. Arellano dared Senator Enrile to fulfill his promise.

Respectfully submitted,

Arturo I. Mojica, Jr.