

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 733

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 733.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

Senator Mercado. Mr. President, this afternoon, we shall be voting on Third Reading on some measures pending Third Reading. We shall deliberate and approve hopefully the Conference Committee Report on Wages, and continue the discussion on Senate Bill No. 549, the Multi-Purpose Pavements, and Senate Bill No. 181, Lowering the Age of Majority, the pet bill of Senator Lina.

SUSPENSION OF THE SESSION

Senator Mercado. Mr. President, I move that we suspend the session until three o'clock this afternoon.

The President. The session is suspended until three o'clock this afternoon, if there is no objection. [There was none.]

It was 12:14 p.m.

RESUMPTION OF THE SESSION

At 3:28 p.m., the session was resumed with the Honorable Jovito R. Salonga, President of the Senate, presiding.

The President. The session is resumed.

The Majority Floor Leader is recognized.

CONFERENCE COMMITTEE REPORT ON SENATE BILL NO. 1084/HOUSE BILL NO. 23227 (Wage Policy)

Senator Mercado. Mr. President, we are in receipt of Conference Committee Report on Senate Bill No. 1084, entitled

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING A MECHANISM THEREFOR, AND FOR OTHER PURPOSES

and House Bill No. 23227, entitled

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS

THEREFOR AMENDING FOR THE PURPOSE ARTICLES 99, 120, 121, 122, and 123 OF PD 442 OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING THE STATUTORY MINIMUM WAGES, PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES.

May I move that we consider the said report and recognize the Chairman of the Committee on Labor and Employment, Senator Herrera, to sponsor the said report.

The President. Senator Herrera is recognized.

SPONSORSHIP SPEECH OF SENATOR HERRERA

Senator Herrera. Thank you, Mr. President.

The Conference Committee on the disagreeing provisions of Senate Bill No. 1084 and House Bill No. 23227 having met in full and free conference has agreed to recommend, and do hereby recommend to their respective Houses, that Senate Bill No. 1084, in consolidation with House Bill No. 23227 be approved as follows: — Mr. President, this is quite a thick report, this is a 31-page report. I do not know how we can abbreviate the report but, maybe, I will just cite the particular lines where we have some amendments so that we can abbreviate the reporting and we will be sacrificing the other agenda for this afternoon's session.

On page 1 of Senate Bill No. 1084, lines 4 and 5, delete the phrase "nationally or regionally".

On page 1, line 5, before the word "PROMOTE", insert the words "AND TO".

On the same page, on line 5, after the word "PROMOTE", insert the phrase "PRODUCTIVITY-IMPROVEMENT AND GAIN-SHARING MEASURES TO ENSURE A".

On page 1, line 5, delete the word "the" between the words "PROMOTE" and "decent".

On the same page and line, delete the word "or" and in its place insert the word "FOR".

On page 1, line 6, after the word "families", replace the comma (,) symbol with the semi-colon (;) symbol".

On the same page and line, before the word "stimulate" insert the phrase "TO GUARANTEE THE RIGHTS OF LABOR TO ITS JUST SHARE IN THE FRUITS OF PRODUCTION; TO ENHANCE EMPLOYMENT GENERATION IN THE COUN-

TRYSIDE THROUGH INDUSTRY DISPERSAL". These are all under quotations.

On page 1, lines 6 to 8, delete the phrase "stimulate dispersal of industries and enhance viability and competitiveness of the Filipino enterprise by increasing its productivity and ensuring".

On page 1, line 9, before the word "reasonable", insert the phrase "AND TO ALLOW BUSINESS AND INDUSTRY".

On the same page and line, add letter "S" to the word "return".

On the same page and line, after the word "investments", insert the phrase "EXPANSION AND GROWTH".

On page 1, line 17, and on page 2, lines 1 to 3, delete the entries starting with the words "in the" and ending with the words "and wealth".

On page 2, line 4, insert the following paragraph:

"THE STATE SHALL PROMOTE COLLECTIVE BARGAINING AS THE PRIMARY MODE OF SETTING WAGES AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT AND WHENEVER NECESSARY THE MINIMUM WAGE RATES SHALL BE ADJUSTED IN A FAIR AND EQUITABLE MANNER CONSIDERING EXISTING REGIONAL DISPARITIES, AND THE COST OF LIVING AND OTHER SOCIO-ECONOMIC FACTORS, AND THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENTS."

On page 2, lines 4 to 24, delete all the entries in Section 3 and in their place insert the new entries as follows:

"IN LINE WITH THE DECLARED POLICY UNDER THIS ACT, ARTICLE 99 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, IS HEREBY AMENDED AND ARTICLE 120, 121, 122, 123, 124, 126 AND 127 ARE HEREBY INCORPORATED INTO PRESIDENTIAL DECREE NO. 442, AS AMENDED, TO READ AS FOLLOWS:"

This particular provision, Mr. President, was lifted from the House version. This is the organization of National Wages and Productivity Commission and also the Regional Tripartite Wage and Productivity Board.

So, maybe, we can just go over this. I do not have to read the entire insertion because this is quite thick, Mr. President. It is almost ten pages.

The President. The Chair would like to find out what are the highlights of this Conference Committee Report.

Senator Herrera. The highlights of this Conference Committee Report, Mr. President, are: the provision on a wage increase of P25 for the agricultural and nonagricultural workers, except in the case of the agricultural — those working in a plantation above 24 hectares and employing more than 20 employees but the gross sales annually is below P5 million — will be receiving P20; and those who are working in nonplantation agricultural — that means, those who are working in an hacienda or in a farm of 24 hectares but employing 20 or less — will be receiving P15; those employed in cottage industries will also be paid P15; those employed in business enterprises with capitalization of P500,000 or less and employing 20 or less will also get P15; and those employed in retail or service enterprises employing not more than ten will be paid also P15.

Now, in the case of retail enterprises, if they cannot afford to pay, they can apply for exemption through the Regional Tripartite Wage and Productivity Board.

The other important feature of this bill, Mr. President, is the fixing of regional wages by the Regional Tripartite Wage and Productivity Board. The Regional Tripartite Board is a tripartite board. There will be two representatives from the employers and two from Labor. This will be headed by the regional director of the Department of Labor and Employment. The ex officio members are the regional directors of NEDA and that of the Department of Trade and Industry.

Under the bill, Mr. President, they are given the authority to fix wages on the regional, industrywide or provincewide bases.

Now, the other important provision of the bill, Mr. President, is the granting of exemption to new investments which will be established after the effectivity of this Act in Regions III and IV, except in the Provinces of Marinduque, Mindoro Occidental and Mindoro Oriental, Romblon, Quezon, and Aurora. The exemption will be for two years and in the other regions will be for three years.

These are the important provisions of this bill, Mr. President.

The President. Is there any question? [Silence] Is there any interpellation? [Silence] If there is none, is there any objection to the approval of this Conference Committee Report?

Senator Guingona. Mr. President.

Senator Paterno. Mr. President.

The President. Senator Guingona is recognized, then Senator Paterno.

Senator Guingona. It is not an objection, Mr. President. May we just be favored by an explanation of the P20, P15... I understand, there are three

Senator Herrera. There are three levels — the P25, the P20 and the P15. At the beginning, the House panel wanted to insert a provision that will credit the wage increase of P25 to the share of the workers under the Comprehensive Agrarian Reform law, but since there was no disagreement on that, what was later agreed on is to review the definition of small-farm enterprise. So, the problem was focused on the farm, which is below the P5 million gross sales, but above the so-called nonplantation agricultural.

This is an agricultural enterprise with 24 hectares, employing 20 or less workers.

Senator Guingona. So, P25 is for industrial workers?

Senator Herrera. No. For industrial and agricultural, but only those in the agricultural which gross sales will be P5 million or up.

Senator Guingona. How about the P20?

Senator Herrera. The P20 is below the P5 million gross sales, but above the nonplantation agricultural. That is the medium scale.

Senator Guingona. And what is plantation agricultural, Mr. President?

Senator Herrera. Nonplantation.

Senator Guingona. Nonplantation, yes.

Senator Herrera. Nonplantation are those agricultural enterprises with 24 hectares, but employing 20 or less workers. That is the definition in the Labor Code.

Senator Guingona. And then the P15, it goes to?

Senator Herrera. The P15 is for those employed in non-plantation agricultural, the business enterprises with the capitalization of P500,000 or less, the retail service enterprises employing ten or less, and the cottage industries.

Senator Guingona. And this will be automatically paid upon the effectivity of the law.

Senator Herrera. Yes, Mr. President.

Senator Guingona. The January thing has been cancelled.

Senator Herrera. Yes, Mr. President.

Senator Guingona. May we just have the views of the distinguished Sponsor concerning the possible price increases in

August if it escalates to, for example, beyond 20 percent. Will this result in another agitation for a subsequent corresponding increase?

Senator Herrera. It is very difficult to surmise; but in case there will be agitation of wage increase, it will be done now in the regional level since we have already the Regional Tripartite Wage Board.

Senator Guingona. When will this Regional Tripartite Wage Board be constituted?

Senator Herrera. As soon as this bill becomes a law, then this will immediately be constituted.

Right now, there is the National Wage Council and the National Productivity Commission. So, under the bill, their resources and properties will be turned over to this new institution. It is a matter now of integrating this.

Senator Guingona. Under the Tripartite decisions, there can be no deadlock.

Senator Herrera. There can be no deadlock here because in the Regional Board, there will be three from the government, and then two from labor and two from the employers.

Senator Guingona. Thank you, Mr. President.

EXPLANATION OF VOTE OF SENATOR PATERNO

Senator Paterno. Mr. President, this is not an interpellation, but you asked, Mr. President, whether there is any objection. I am not objecting, but I would like to register an abstention. I would like to explain that abstention, Mr. President. So, the Sponsor does not have to stand up.

Let me beg your indulgence, Mr. President, to explain briefly my abstention on this Conference Committee Report.

Organized labor engaged in mass actions to influence generous increases of the minimum wage. Fine. That is their right under the Constitution. But I question the propriety of their use of a *welgang bayan*, inconveniencing and interposing difficulties in the daily lives of millions of people in order to press their willful insistence on a P30.00-daily-wage increase. And we respect the right of labor, Mr. President; but to deserve that respect, labor must also respect the rights of the people. Labor must exercise its rights with responsibility and sobriety.

Last Thursday's newspapers reported: Blustery threats of some labor groups to hold another *Welga ng Bayan* if the Conference Committee did not approve its final report the next day.

I submit, Mr. President, that we or any other Congress must not allow any interest group, including labor unions, to coerce us into legislation in their favor, which may be of possible detriment to others. Our duty always is to seek the greatest good for the greatest number, as we uphold the Constitution.

I am glad this threat is not being held to our heads as we now vote on the report. If it were, Mr. President, I would instead be urging that you and this Chamber defer consideration of the Report until the threat was withdrawn. Congress is the nation's assembly of the elected representatives of the people. A minority seeking to advance its own narrow self-interest cannot be allowed to coerce this assembly. One reason for my abstention, Mr. President, is to convey this sentiment to organized labor.

But I have another reason, Mr. President. The Conference Committee report provides a wage increase of P25 per day to non-agricultural workers, P10 to P20 more than the P15-10-5 proposed by the Executive. Although, I am a member of the Conference Committee, I was bound to uphold the position of the Senate; but I fear that P25 is too large. And we, in Congress may have to manfully own up in the coming months whatever dislocations there may be in employment, and surges in inflation that this action may cause in actuality. And, therefore, we must beforehand take all steps within our power to contain any harmful effects of this wage increase to the economy.

Ours is the glory of having legislated for labor the largest wage increase ever in Philippine history. With that glory comes the task of ensuring it does not impose crippling burdens on the economy. I assure you, Mr. President, that as a Member of this Senate, I shall fully share in that task, while at the same time, I disclaim any share in the glory. For consistently with my vote of *No* on Second Reading, and *YES WITH RESERVATIONS* on Third Reading, I *ABSTAIN* on this Report.

Thank you, Mr. President.

Senator Enrile. Mr. President.

The President. The Minority Floor Leader is recognized.

EXPLANATION OF VOTE OF SENATOR ENRILE

Senator Enrile. Mr. President, I am in full accord with the Conference Committee Report sponsored by the distinguished Member from Cebu. Although, modesty aside, I am affected directly and personally, I supported the increase in the daily minimum wage because I believe it to be the right, just, and proper thing to do.

Our people are suffering economic hardships because of high prices of essential goods and prime commodities. This is particularly true in the case of our wage earners and laborers.

The congressional action increasing the minimum wage is an effort to alleviate the plight of our workers and to bring about a modest effort to redistribute wealth and income in our society. And so, Mr. President, I vote *Yes* as in fact, I wholeheartedly signed the Conference Committee Report.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized, then Senator Saguisag.

EXPLANATION OF VOTE OF SENATOR MACEDA

Senator Maceda. Mr. President, last Friday a report came out featuring the 1,000 top corporations in this country. What was significant about the report was the fact that for 1988 over 1987, the average increase in net profit of these 1,000 corporations was 63.3 percent.

Mr. President, I was happy to read that because it sustains what I said in the earlier deliberations that in view of the exceptionally good year that the employers had in 1988, in private many of them had said that they were willing to give a substantial salary increase this year.

Mr. President, I would like to state for the record that this final Conference Committee Report which, in effect, has sustained the Senate position, once again points out to the fact that the Senate has made its influence and stature felt to be on behalf of the small man, the farmer and the working laborer.

If we will recall, Mr. President, part of the reason why this particular legislation was delayed was because of the insistence of the Executive Department initially for a 15-6 formula; then, eventually, for a 15-10-6 formula; and subsequently, after three or four changes of heart, the House of Representatives voted for a 20-13-8 formula.

Mr. President, if the Senate had yielded so easily to the Executive Department and/or to the House in this position, then certainly the increase would have been unacceptable to the labor sector, as Senator Herrera has continuously said to us.

Mr. President, I believe that the Senate — in holding the line and convincing our Members of the Upper House or the other Chamber to go for a much higher rate than what the Executive, the Secretary of Labor and the Office of the President had insisted on, with due respect to Senator Paterno — has diffused a potentially explosive situation which I had already explained to the Body in caucus.

Mr. President, I refuse to believe — I repeat, I refuse to believe — that we have a coemployer President or Cabinet, but I

certainly would like to question why the continuing stream of the appointments to the Cabinet seems to be drawn from big business. As we all know, the Secretary of Trade is a big businessman representing RFM airconditioners, refrigerators and the like. As we know, the Secretary of Finance is from the private Development Corporation of the Philippines. As we know, the Secretary of Transportation and Communications is Mr. IBM himself. How much bigger than big business can we ask for? The Secretary of Agriculture and Food is a longtime executive of the Bank of the Philippine Islands. Even the Secretary of Labor used to be an officer of the Employers Confederation of the Philippines. The Executive Secretary was a vice-president and for a long time director of the conglomerates called Lepanto Consolidated Mining Corporation. The newest appointee to the Cabinet is from the Makati Business Club and other Makati corporations, C. C. Unson for that matter. And so many others, Mr. President.

I think when the President goes out on weekends, she also meets the president of Shell; she meets the president and the wife of the Ayala Group of Companies; she meets the owner of a conglomerate in Davao and in Manila.

Mr. President, I was saying before, that maybe we should have more Cabinet members of political orientation along that line. As I said in the Commission on Appointments last Wednesday, I think we have to try to get a better balance in that Cabinet. That Cabinet is too big business-oriented to employer-oriented. We need more politically oriented politicians in that Cabinet and, if we cannot get more of that, at least we can try promoting some of the career undersecretaries so that we can balance this predominantly pro-employer, big-business coterie of Cabinet members and advisers.

I expressly hope, Mr. President, that the President will not listen to these pro-employer, big-business Cabinet members and advisers and that, as announced, she will sign this bill. Because I think it is a very fair bill where, considering the concept of a living wage, it is way below the concept of the living wage. As I said, if we do not give this substantial increase now, I think that with the 4.13 percent GNP increase in the first quarter of this year, much less do we have a chance of really convincing the employers next year or the end of this year to give a substantial increase.

For these reasons, Mr. President, I vote in favor of the report and I would like to congratulate not only the Chairman of the Committee on Labor and the Members of the panel, but specifically the Senate President who went out of his way to meet with the Speaker and effected a solution to this problem which resulted in a final decision last Friday on this matter that was acceptable to all the members of the Conference Committee. I vote *Yes* without any reservation on this Committee Report, and I hope that labor will be happy. That part of Senator Paterno's explanation about their always being too jumpy and in effect, sometimes, giving the

impression that they put a gun to our head, I hope that they will have more trust in the Members of the Senate because on several occasions — in the first minimum wage, we brought it up from P8 to P10, on the CARP — we were very activist in our positions, and now, again, here we have shown to labor that we have a Senate that is receptive to their feelings and to their request and they do not need to threaten anybody with a *welga ng bayan* or strike to get the democratic solutions that they are asking for.

Thank you, Mr. President.

The President. Senator Saguisag is recognized, Senator Gonzales, then Senator Lina.

EXPLANATION OF VOTE OF SENATOR SAGUISAG

Senator Saguisag. Marami pong salamat, Ginoong Pangulo.

Paminsan-minsan, ako rin po ay tinatawagan ng Pangulong Cory Aquino. Siguro ay bilang kinatawan ng maralitang tagalunsod.

Ako po ay may inihandang isang pahinang paliwanag tungkol sa bill na ito, ngunit di-sinasadyang naiwan ko ito sa aking sasakyan sa harap ng Philippine Veterans Bank na kung saan ay may mga taong nag-iinsayo para sa kanilang pagmamartsa sa Araw ng Kalayaan. Kaya hindi ko po mababasa iyong aking inihandang paliwanag.

Alam po ninyo, kagaya ng sinasabi sa isang kanta, "Yesterday, when I was young," when young men of our generation would kiss a sweet young thing, she would probably weep or cry softly. And when asked why, she would reply, "first time."

I stand here today to vote *Yes* on the assurances of our good friend, whose efforts we commend, that this is the last time. I have been on record from the beginning that I remain unconvinced that unlike in nonwage areas, a legislature is simply not suited to the task of wage fixing. At best, we can only put together a Procrustean bed. That is why, in the region, we have many countries that are progressive, that have never imposed minimum wage legislation. In the United States, as I had occasion to point out earlier, the last time they did it was eight years ago. We cannot be doing this every year or every 18 months.

So, I hope that the idea which I totally share with the energetic and dynamic and experienced Chairman of our Committee on Labor will work out. I also share the concern that we should not be acting as if we were always under the gun. Otherwise, we create the impression that we are a chicken-house government. If we must vote *Yes* on this, iyon ay dahil naniniwala tayo rito. Hindi dahil sa may *welga ng a-primerero* ng buwang ito. That, to me, was a supreme irrelevance. One thing is certain to happen as a

consequence of what we are doing today. Prices will not go down. And we have lost the moral high ground when our friends in the public sector will now go on strike and make a similar demand.

Marami pa po sana akong sasabihin, ngunit iiklian ko na dahil marami pa tayong panukalang batas na dapat talakayin ngayon. Kaya ang masasabi ko lamang, gaano man kaganda ang ating layunin, tama rin si George Bernard Shaw when he said that, "Lack of money is the root of all evil."

Thank you, Mr. President.

Additional explanation of vote submitted by Senator Saguisag:

EXPLANATION OF VOTE ON MINIMUM WAGE BILL
(SENATE BILL NO. 1084)

GINOONG PANGULO:

Tungkol po sa sinabi ni Senador Maceda sa mga taong kinakausap ni Pangulong Cory, paminsan-minsan po, ako ay naaalaalang makausap din, marahil bilang kinatawan ng maralitang taga-lungsod.

Yesterday, when I was young, as the song goes, the young men of my generation, when kissing a sweet young thing who had just said yes, would hear her weep or cry softly. When asked why, she would reply, "first time."

I stand today to vote Yes. I do not weep or cry I just feel relieved. If you ask me why, the answer is, "last time."

There is no country in our region that has progressed which legislates wages. In the United States, as I pointed out on an earlier occasion, the last time they did it was eight years ago. We just cannot be doing it every year or so.

Last week, we heard testimony about the low compliance in Negros with the minimum wage law. Now it is to be overtaken by this new bill.

One thing is sure to follow from this bill. Prices, including that of galunggong, will not go down.

We have no moral right now to turn a deaf ear to the hundreds of thousands of public servants who will now press for a law in their behalf. We have lost the moral high ground. Emboldened by the image we are creating that we are a chickenhouse government, they will naturally pressure us too.

But, as George Bernard Shaw said, lack of money is the root of all evil.

I truly hope that this is the last time Congress gets into something it is not particularly suited to solve.

I do not wish to be misconstrued as against enacting labor legislation, such as in job security, but it is in the area of wage-fixing where our record is not the best.

We may have solved one problem, but we may have only created a host of new ones, I am afraid.

These are exercises in futility, attempts to turn back the wages, or to repeal the law of gravity or the law of supply and demand, or to outlaw typhoons.

I commend all those who have worked hard on this bill nonetheless.

And I am truly happy we have removed measures such as this from the vicissitudes of majoritarian congressional debates, which can only create a Procrustean bed.

Thank you, Mr. President.

The President. Senator Gonzales is recognized, then Senator Lina and Senator Romulo.

EXPLANATION OF VOTE OF SENATOR GONZALES

Senator Gonzales. Mr. President, this is a most difficult piece of legislation. Not one but several guns were leveled against our collective head. These guns came from the NEDA, whose position had been officially adopted by the Executive Department of the government. It also came from organized labor and from the employers and management as well. NEDA paraded to us streams of statistics. And, while it did not really present a doomsday scenario, it actually predicted high prices, high inflation rate, high interest charges, high cost of living which, if Congress believed them, would have frightened it into inaction. Organized labor flexed its muscles, not only by threats and intimidation but by actually holding what it considered to be a preliminary mass action; and, later the real one which is *Welga Ng Bayan*.

We have also the employers and the management who, in a very respectful and honorable way, had made veiled threats that if we are going to pass this bill, then there will be retrenchment; there will be less employment and more unemployment and underemployment. And yet, we find out that it is to the credit of

Congress, the duly elected representatives of the people, that we did not yield or succumb to the pressures from any of these groups.

In enacting this piece of legislation, Mr. President, we find out that we acted against the very recommendation of the Executive Branch of the government. Labor did not get what it actually had demanded. And neither did the employers nor management. And we in the Senate cannot claim victory either or the House of Representatives, one because we see that this is a give-and-take process, in accordance with the democratic legislative process provided for in our Constitution.

So, in enacting this piece of legislation, we did so, not yielding to the pressures and threats from the Executive Branch of the government, not from organized labor, not from the veiled intimidations made by the employers and management, but because we believe that this is a concern that we must address, and that, in the ultimate analysis, we will be legislating for what we honestly believe to be a good and fair legislation, not only to labor, but to all sectors of our society, because we cannot certainly isolate this legislation from its effect upon the entire Filipino people.

But something must be said that, under this legislation, we made our firm belief that hopefully this will be the last time that Congress will ever legislate wages because we have created a machinery for the reexamination and review of the wage levels in our country; so that, never again will we be besieged by clamors for increase wages. And, we have delegated this subject to a certain legislative policy that we have prescribed and determinate standards that we have set under the law to a proper administrative body. But the Filipino people and the institutions that they have created in the Constitution are the ultimate victors. We have proven that the bicameral system of legislature, in spite of its inherent weaknesses, can work and can respond to the immediate needs of its people. But, beyond that, Mr. President, we have proven to ourselves and to the entire world that we, the different segments of the government and of our society, can differ in a very civilized manner.

Thank you, Mr. President.

The President. Senator Lina is recognized; then Senator Romulo.

EXPLANATION OF VOTE OF SENATOR LINA

Senator Lina. Mr. President, as we vote on the Wage Increase Bill, as reflected in the Conference Committee Report, we must be aware that two constitutional mandates are being tested in this measure: One is that, the goal of the national economy is a more equitable distribution of income and wealth

and a sharing of the benefits of development. The other is the promotion of full employment and full protection to labor.

The wage increase, Mr. President, is a test as to whether employers and entrepreneurs, who belong to the more fortunate higher-income level group constituting some 20 percent of our people, are willing to share the fruits of development with the 60 percent of the population who are at or below the poverty threshold, and with the middle-income families who comprise about 20 percent of our people.

The Central Bank reports say that in 1988, substantial economic progress was achieved and that the nation's GNP expanded by 6.7 percent, the largest since 1979. Inflation was kept at a single-digit figure, while unemployment was kept relatively low at 9.7 percent. Investments surged by 25.9 percent, and private consumption expenditure by 5.11 percent which sustained GNP growth. Industry led by garments and electronic components expanded by 8.9 percent. The manufacturing sector had a high growth of 8.7 percent, most of it in labor-intensive and export-producing activities. Construction activities registered a significant increase of 12.8 percent. Total investments rose from 15.4 percent of GNP to 18.2 percent of GNP, with the private sector showing an increase from 11.8 percent in 1987 to 14.8 percent of GNP by 1988. Workers from overseas contributed the largest dollar remittances.

Data show that for the first quarter of 1989, the manufacturing firms expanded their productivity levels to record highest in anticipation of an influx in overall demand towards the second quarter of this year. Already, 16 manufacturing firms, surveyed for the first quarter, gave out favorable compensation package by March. Much of the surge is due not only to investments but to the labor component, the workers who work at peak performance despite relatively low wages. Should we not give them, the large number of our people, the fair return to their honest and hard work? This is the real issue. Should not investors and entrepreneurs share a part of the profit margin of the 1988 productivity and the ongoing rise in a record of high performance with the labor sector? The increase in wages need not bring about inflation, nor should it be the excuse for the trade and commerce sector to raise prices to an unreasonable level. There are compensatory results in increasing the purchasing power of our workers in a situation where basic commodities hold steady prices, plus a period of industrial peace which stabilizes the economic sector and attracts more investments.

Prices should be monitored following the wage increase so that the gains by the greater number are not siphoned off by unreasonable rise in prices and in decline in employment. Indeed, everybody benefits from increased productivity, industrial peace, political stability, and a more equitable sharing in the benefits of development.

I therefore vote *Yes*, Mr. President.

The President. Senator Romulo is recognized.

EXPLANATION OF VOTE OF SENATOR ROMULO

Senator Romulo. Mr. President, I vote *Yes*, without reservation, on this bill, on the wage rationalization of the Minimum Wage Bill, as contained in Senate Bill No. 1084.

At the outset, Mr. President, I would like to state that I am proud to have been a member of the Conference Committee. And I am proud particularly of the stand of the Senate Panel of the Conference Committee, led by our Chairman, Senator Herrera. We stood our ground, Mr. President, and particularly Senator Herrera, and therefore, if this bill would be of benefit to the workingmen, to the laborers, I believe that it owes a lot to the stand of the Senate, and particularly to the stand of Senator Herrera, as supported by the Senate President himself.

Mr. President, I look at this bill actually as a first step against the backdrop of unemployment and underemployment, which covers between nine to ten million of our people. I believe that this bill is only the first step in alleviating the conditions of our laborers and particularly the poor sector of our society.

This bill, of course, under Section 4, raises or increases by P25 per day the minimum wage rate of all workers and employees in the private sector, except that workers and employees in plantation agricultural enterprises outside of the Capital Region with an annual gross sales of less than P5 million in the preceding year, shall be paid an increase of P20; and, except further, that workers and employees of cottage, handicraft industries, nonplantation agricultural enterprises, retail service establishments, regularly employing not more than 10 workers, and business enterprises with a capitalization of not more than P500,000, and employing not more than 20 employees, which are located or operating outside the NCR, shall be paid an increase of P15.

Gaya po nang nabanggit na natin, ito po lamang ang first step, sapagkat naniniwala ako na hindi tayo dapat huminto sa tinatawag na minimum wage or wage rationalization. Kaya naniniwala rin ako na hindi tayo dapat nagse-set ng minimum wage taun-taon. Napapanahon nang ito ay gawin through collective bargaining agreement between the management and the laborers that we should be able to increase this minimum wage for the particular company and sector. Sapagkat gaya po nang nasabi na ng Chairman ng Committee on Labor, at ng organized labor is only about ten percent of the total labor force, kung ating tutuusin. That is the reason why it is incumbent upon labor and; I think the bill that has been passed in the Senate would encourage the

organization of the labor movement. So, beyond 10 percent, they can organize more and that they would have standing and force when they engage in this collective bargaining agreement. At pagka mayroon pong collective bargaining agreement through organized labor, it will seek its level, sapagkat maraming mga kompanya ang kayang magbayad beyond what we are setting now. At pagka mayroon pong collective bargaining agreement through organized labor, through agreement between labor and capital matatamo ng ating mga manggagawang kapatid ang minimithing taas ng suweldo, lalung-lalo na doon sa mga kompanyang kayang magpasahod above the poverty level. Alam po natin na 66 percent of our people live below the poverty level. That is why they need jobs, that is why they need full employment. Nakalagay po sa pahayagan na about 1000 companies have made profits. Ang iba po sa kanila ay kayang magpasahod ng above the poverty level wage. Kaya ako po ay naniniwala na pagkatapos nito, through collective bargaining agreement, makakakita tayo ng mas mataas na minimum wage para sa ating mga kapatid na manggagawa.

At tungkol naman dito sa sinasabi nilang inflation. Ako po ay nagtataka na pag ang pinag-uusapan ay ang inflation, ang unang-unang binabawasan natin ay iyong mga mahihirap, iyong mga manggagawa. Kagaya po nitong tinatawag na debt to equity swaps. Pagka po foreign investors, pagka po malalaking kompanya, sinasabi natin, okay iyan, mababawasan ang utang natin. Pero umpisahan po nating i-propose na ibigay iyong benefits doon sa debt to equity ng mga mga overseas workers, maririnig ninyo na inflationary iyan, wika nga nila. Sapagkat pagka ibinigay natin ang 40 to one exchange equivalent sa ating mga overseas workers, iyan po ay inflationary, ika nga nila. Ngunit pagka ang mga foreign investors, ang malalaking kompanya ang nagtatamo nitong tinatawag na debt to equity, which in a way is translated to 40 to one, wala po silang imik. Kaya nababanggit po lamang natin ito. If we are talking of inflation, huwag po nating ipasan iyan sa ating mga mahihirap at sa mga manggagawa.

Iyan po lamang ang gusto kong sabihin, and I would like to say that I vote *Yes* without reservation. I hope that with more collective bargaining agreements, with more organized labor in the labor sector, the fruits of our economy, the fruits of what we call the growth of the gross national product will be enjoyed not only by the elite, not only by the multinationals, not only by big businesses, but more important, Mr. President, that this will be enjoyed, by the poor, the marginalized sector, by the 66 percent of our people who feel that they are poor.

Thank you, Mr. President.

The President. Senator Herrera, the Chairman, is recognized.

**STATEMENT OF SENATOR HERRERA
(Regionalization of Wage-Fixing)**

Senator Herrera. Mr. President, I would just like to make a short statement.

When I asked for the approval of this report, Mr. President, I was not so much inspired by the large or generous-wage package provided in this bill. But I was more inspired by the new scheme that we are introducing here — the regionalization of wage-fixing. I say, Mr. President, that I was not so much inspired by the large-wage package because the impact of this wage increase, I think, will be short-lived. Maybe, six months from now or eight months from now, this amount, these wage increases will become irrelevant. After all, the Executive Branch has already announced that by August there will be an increase in the price of fuel.

So, Mr. President, as far as I am concerned the heart of the bill is the regionalization of wage fixing. We will be bringing to the grass roots the debates on such important issue as what should be the wage policy in the province. It will be the people in the region, in the provinces who will be making decisions for themselves. To me, Mr. President, this will be an additional impetus in making our democracy works, that the people in the provinces, in the municipalities, in the region will be participating in such an important debate as the wage issue, and they themselves will be the ones to make a decision. So, Mr. President, let me reiterate that I wholeheartedly support this bill. To me this is something which is monumental, something that is historic, because this will be the first time in our history where we really give autonomy to the people in the region to decide what is good for them, particularly on the matter of wage policy.

**PARLIAMENTARY INQUIRY OF SENATOR OSMEÑA
(Status of the Conference Committee Report on Senate
Bill No. 1084/House Bill No. 23227)**

Senator Osmeña. Mr. President, parliamentary inquiry: What is the status now? Are we debating on the Conference Committee Report?

The President. The status is that we are now in the process of expressing our stand on the Conference Committee Report. The Chair asked the question if there is any objection to the approval of the Conference Committee Report. So, the Committee Members are expressing their individual stand.

Senator Osmeña. But we are not voting on it yet, Mr. President?

The President. Not yet.

Senator Osmeña. Thank you.

The President. Senator Guingona is recognized; and then Senator Angara.

EXPLANATION OF VOTE OF SENATOR GUINGONA

Senator Guingona. I would like to express my wholehearted support for this measure, Mr. President, not only because of the merits, but because we have the reassurance from the Chairman of the Committee on Labor that the changes made were done for the benefit of all, not only of labor but management and also of the nation.

The distinguished Chairman has said that the novel idea here is the regionalization of wage-fixing, that it will not amount too much unless we regionalize also spread of industry and agriculture. This call for regionalization is meaningless unless we put up the necessary power, ports, telecommunications, and infrastructure to induce businesses and establishments to disperse from Metro Manila and the big cities centers.

This complies with the constitutional mandate to give labor its just share the fruits of production even as it recognizes the right of enterprises to reasonable returns on investment and growth. We trust the review of the figure cited here by previous speakers that big business, the banking, the finance, the manufacturers, construction have had a good two years of productivity and profit. Now, that we have responded, we hope that all the sectors respond accordingly — labor to increase productivity, management to accept social responsibility more fully, and government to complement the challenge in the coming months by more economic measures like price control, productivity incentives, greater growth, and a longer term.

I therefore express my wholehearted support for the Conference Committee Report.

Thank you, Mr. President.

The President. Senator Angara is recognized.

EXPLANATION OF VOTE OF SENATOR ANGARA

Senator Angara. Let me say straight away, Mr. President, that I vote in favor of this Conference Committee Report, and I congratulate our able Chairman in making this breakthrough in wage legislation in this country. It is a breakthrough because, as I said, we are going to regionalize wage and put the decision-making in the hands of people in the region who know best the labor market in their respective territory. But, let me add a cautionary note to this bill, Mr. President. I think, this bill, as far as the wage increase is concerned, is a tactical victory for workers in this country. But, I am afraid, Mr. President, that this may prove to be a Pyrrhic victory, a strategic loss for them.

Let me explain, Mr. President. I deplored the misframing of this bill. This bill ought to have been filed by the government, by this administration, after it has increased the price of fuel. Because, you and I know, Mr. President, when the fuel prices will be increased in August, there will be a chain reaction of increases in utilities, in water, in transportation, and electricity, and that will trigger a tremendous amount of price inflation in this country. Therefore, the increase that we will vote on today will be wiped out by then. That is the first reason, Mr. President.

The second reason is that, even now, Mr. President, the cost of money is rising. And, what is the main culprit for that? That is because of government deficit spending. So, the things that will wipe out the gains of labor are accountable or done or due to acts of government. That is why I said, Mr. President, I want to add this cautionary note, that let us help the government maintain the proper price wage levels so that the victory that we give to them today will not prove a strategic loss to them, or a fitting victory that they will inherit later on.

Thank you very much, Mr. President.

**APPROVAL OF CONFERENCE COMMITTEE REPORT
On Senate Bill No. 1084/House Bill No. 23227**

The President. All right, for the purpose of the record, the Chair would like to find out how many are in favor of the approval of this Conference Committee Report. Please raise your right hands. [*Eighteen Senators raised their right hands.*]

Those who are against, please do the same. [*None*]

Those who are abstaining? [*One*]

Shall we have the final tally? I am in favor.

With 18 affirmative votes, no negative vote, 1 abstention, the Conference Committee Report is approved. [*Applause*]

The following is the full text of the Conference Committee Report:

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of Senate Bill No. 1084, entitled

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING A MECHANISM THEREFOR, AND FOR OTHER PURPOSES

and House Bill No. 23227, entitled

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS THEREFOR, AMENDING FOR THE PURPOSE ARTICLES 99, 120, 121, 122, AND 123 OF PRESIDENTIAL DECREE NO. 442, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING THE STATUTORY MINIMUM WAGES, PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES,

having met in full and free conference, has agreed to recommend and hereby recommends to the Senate and the House of Representatives that Senate Bill No. 1084 in consolidation with House Bill No. 23227, be approved.

The title of the Bill, as amended, shall read as follows:

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS THEREFOR, AMENDING FOR THE PURPOSE ARTICLE 99 OF, AND INCORPORATING ARTICLES 120, 121, 122, 123, 124, 126 AND 127 INTO PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING NEW WAGE RATES, PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES.

So that the consolidated bill will now read in accordance with the attached copy.

In case of conflict between the Conference Committee Report and the attached Bill, the latter shall prevail.

Approved,

**CONFEREES ON THE PART OF THE
HOUSE OF REPRESENTATIVES**

(Sgd.) Hon. ALBERTO S. VELOSO

(Sgd.) Hon. RONALDO B. ZAMORA

(Sgd.) Hon. MARTIN B. ISIDRO

Hon. JOSE MA.R. ZUBIRI, JR.

(Sgd.) Hon. EDCEL C. LAGMAN

(Sgd.) Hon. LEONARDO L. GUERRERO

Hon. GERARDO P. CABOCHAN

(Sgd.) Hon. RAMON C. JABAR

(Sgd.) Hon. RODOLFO B. ALBANO

*CONFEREES ON THE PART
OF THE SENATE*

(Sgd.) Hon. ERNESTO F. HERRERA

(Sgd.) Hon. ORLANDO S. MERCADO

(Sgd.) Hon. ALBERTO G. ROMULO

(Sgd.) Hon. ERNESTO M. MACEDA

(Sgd.) Hon. VICENTE T. PATERNO

(Sgd.) Hon. JUAN PONCE ENRILE

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS THEREFOR, AMENDING FOR THE PURPOSE ARTICLE 99 OF, AND INCORPORATING ARTICLES 120, 121, 122, 123, 124, 126 AND 127 INTO, PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING NEW WAGE RATES, PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES

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

SECTION 1. This Act shall be known as the "Wage Rationalization Act." SEC. 2. It is hereby declared the policy of the State to rationalize the fixing of minimum wages and to promote productivity-improvement and gain-sharing measures to ensure a decent standard of living for the workers and their families; to guarantee the rights of labor to its just share in the fruits of production; to enhance employment generation in the countryside through industry dispersal; and to allow business and industry reasonable returns on investment, expansion and growth. The State shall promote collective bargaining as the primary mode of setting wages and other terms and conditions of employment; and, whenever necessary, the minimum wage rates shall be adjusted in a fair and equitable manner, considering existing regional disparities in the cost of living and other socio-economic factors and the national economic and social development plans. SEC. 3. In line with the declared policy under this Act, Article 99 of Presidential Decree No. 442, as amended, is hereby amended and Articles 120, 121, 122, 123, 124, 126

and 127 are hereby incorporated into Presidential Decree No. 442, as amended, to read as follows:

"Art. 99. REGIONAL MINIMUM WAGES. THE MINIMUM WAGE RATES FOR AGRICULTURAL AND NON-AGRICULTURAL EMPLOYEES AND WORKERS IN EACH AND EVERY REGION OF THE COUNTRY SHALL BE THOSE PRESCRIBED BY THE REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS.

[Statutory Minimum Wages. - The minimum wage rates for agricultural and non-agricultural employees shall be those prescribed by law in force on the date this Code takes effect. However, the Secretary of Labor may, to the extent necessary to promote employment in severely depressed areas, authorize the payment of subminimum wage rates, but in no case lower than fifty percent (50%) of the applicable minimum by enterprises that may be established in such areas and to provide employment opportunities to the residents therein, subject to such terms and conditions as he may prescribe to insure the protection and welfare of the workers.]"

"Art. 120. CREATION OF THE NATIONAL WAGES AND PRODUCTIVITY COMMISSION. - THERE IS HEREBY CREATED A NATIONAL WAGES AND PRODUCTIVITY COMMISSION, HEREINAFTER REFERRED TO AS THE COMMISSION, WHICH SHALL BE ATTACHED TO THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) FOR POLICY AND PROGRAM COORDINATION.

[Wage Studies. - The Wage Commission in the Department of Labor shall conduct a continuing study on wage rates in the various agricultural and non-agricultural industries all over the country. The results of such study shall be periodically disseminated to the government, labor and management sectors for their information and guidance.

If after such study, the Commission is of the opinion that a substantial number of employees in a given industry are receiving wages which, although complying with the minimum provided by law, are less than sufficient to maintain them in health, efficiency and general well-being, taking into account, among others, the peculiar circumstances of the industry and its geographical location, the Commission shall, with the approval of the Secretary of Labor, proceed to determine whether a wage recommendation shall be issued.]"

"Art. 121. POWERS AND FUNCTIONS OF THE COMMISSION. - THE COMMISSION SHALL HAVE THE FOLLOWING POWERS AND FUNCTIONS:

(A) TO ACT AS THE NATIONAL CONSULTATIVE AND ADVISORY BODY TO THE PRESIDENT OF THE PHILIPPINES AND CONGRESS ON MATTERS RELATING TO WAGES, INCOMES AND PRODUCTIVITY;

(B) TO FORMULATE POLICIES AND GUIDELINES ON WAGES, INCOMES AND PRODUCTIVITY

IMPROVEMENT AT THE ENTERPRISE, INDUSTRY AND NATIONAL LEVELS;

(C) TO PRESCRIBE RULES AND GUIDELINES FOR THE DETERMINATION OF APPROPRIATE MINIMUM WAGE AND PRODUCTIVITY MEASURES AT THE REGIONAL, PROVINCIAL OR INDUSTRY LEVELS;

(D) TO REVIEW REGIONAL WAGE LEVELS SET BY THE REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS TO DETERMINE IF THESE ARE IN ACCORDANCE WITH PRESCRIBED GUIDELINES AND NATIONAL DEVELOPMENT PLANS;

(E) TO UNDERTAKE STUDIES, RESEARCHES AND SURVEYS NECESSARY FOR THE ATTAINMENT OF ITS FUNCTIONS AND OBJECTIVES, AND TO COLLECT AND COMPILE DATA AND PERIODICALLY DISSEMINATE INFORMATION ON WAGES AND PRODUCTIVITY AND OTHER RELATED INFORMATION, INCLUDING, BUT NOT LIMITED TO, EMPLOYMENT, COST-OF-LIVING, LABOR COSTS, INVESTMENTS AND RETURNS;

(F) TO REVIEW PLANS AND PROGRAMS OF THE REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS TO DETERMINE WHETHER THESE ARE CONSISTENT WITH NATIONAL DEVELOPMENT PLANS;

(G) TO EXERCISE TECHNICAL AND ADMINISTRATIVE SUPERVISION OVER THE REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS;

(H) TO CALL, FROM TIME TO TIME, A NATIONAL TRIPARTITE CONFERENCE OF REPRESENTATIVES OF GOVERNMENT, WORKERS AND EMPLOYERS FOR THE CONSIDERATION OF MEASURES TO PROMOTE WAGE RATIONALIZATION AND PRODUCTIVITY; AND

(I) TO EXERCISE SUCH POWERS AND FUNCTIONS AS MAY BE NECESSARY TO IMPLEMENT THIS ACT.

THE COMMISSION SHALL BE COMPOSED OF THE SECRETARY OF LABOR AND EMPLOYMENT AS EX OFFICIO CHAIRMAN, THE DIRECTOR-GENERAL OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA) AS EX OFFICIO VICE-CHAIRMAN, AND TWO (2) MEMBERS EACH FROM WORKERS AND EMPLOYERS SECTORS WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES UPON RECOMMENDATION OF THE SECRETARY OF LABOR AND EMPLOYMENT TO BE MADE ON THE BASIS OF THE LIST OF NOMINEES SUBMITTED BY THE WORKERS AND EMPLOYERS SECTORS, RESPECTIVELY, AND WHO SHALL SERVE FOR A TERM OF FIVE (5) YEARS. THE EXECUTIVE

DIRECTOR OF THE COMMISSION SECRETARIAT SHALL ALSO BE A MEMBER OF THE COMMISSION.

THE COMMISSION SHALL BE ASSISTED BY A SECRETARIAT TO BE HEADED BY AN EXECUTIVE DIRECTOR AND TWO (2) DEPUTY DIRECTORS, WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES, UPON RECOMMENDATION OF THE SECRETARY OF LABOR AND EMPLOYMENT.

THE EXECUTIVE DIRECTOR SHALL HAVE THE SAME RANK, SALARY, BENEFITS AND OTHER EMOLUMENTS AS THAT OF A DEPARTMENT ASSISTANT SECRETARY, WHILE THE DEPUTY DIRECTORS SHALL HAVE THE SAME RANK, SALARY, BENEFITS AND OTHER EMOLUMENTS AS THAT OF A BUREAU DIRECTOR. THE MEMBERS OF THE COMMISSION REPRESENTING LABOR AND MANAGEMENT SHALL HAVE THE SAME RANK, EMOLUMENTS, ALLOWANCES AND OTHER BENEFITS AS THOSE PRESCRIBED BY LAW FOR LABOR AND MANAGEMENT REPRESENTATIVES IN THE EMPLOYEES COMPENSATION COMMISSION.

[Wage Recommendation. The Commission shall have 60 days within which to conduct hearings and recommend to the Secretary of Labor the issuance of a wage order establishing the wage or wages to be paid by employers in the industry or the various branches thereof.]”

“Art. 122. CREATION OF REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS. - THERE IS HEREBY CREATED REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS, HEREINAFTER REFERRED TO AS REGIONAL BOARDS, IN ALL REGIONS, INCLUDING AUTONOMOUS REGIONS AS MAY BE ESTABLISHED BY LAW. THE COMMISSION SHALL DETERMINE THE OFFICES/HEADQUARTERS OF THE RESPECTIVE REGIONAL BOARDS.

THE REGIONAL BOARDS SHALL HAVE THE FOLLOWING POWERS AND FUNCTIONS IN THEIR RESPECTIVE TERRITORIAL JURISDICTION:

(A) TO DEVELOP PLANS, PROGRAMS AND PROJECTS RELATIVE TO WAGES, INCOMES AND PRODUCTIVITY IMPROVEMENT FOR THEIR RESPECTIVE REGIONS;

(B) TO DETERMINE AND FIX MINIMUM WAGE RATES APPLICABLE IN THEIR REGION, PROVINCES OR INDUSTRIES THEREIN AND TO ISSUE THE CORRESPONDING WAGE ORDERS, SUBJECT TO GUIDELINES ISSUED BY THE COMMISSION;

(C) TO UNDERTAKE STUDIES, RESEARCHES, AND SURVEYS NECESSARY FOR THE ATTAINMENT OF THEIR FUNCTIONS, OBJECTIVES AND PROGRAMS, AND TO COLLECT AND COMPILE DATA ON WAGES, INCOMES, PRODUCTIVITY AND OTHER

RELATED INFORMATION AND PERIODICALLY DISSEMINATE THE SAME;

(D) TO COORDINATE WITH THE OTHER REGIONAL BOARDS AS MAY BE NECESSARY TO ATTAIN THE POLICY AND INTENTION OF THIS CODE;

(E) TO RECEIVE, PROCESS AND ACT ON APPLICATIONS FOR EXEMPTION FROM PRESCRIBED WAGE RATES AS MAY BE PROVIDED BY LAW OR ANY WAGE ORDER; AND

(F) TO EXERCISE SUCH OTHER POWERS AND FUNCTIONS AS MAY BE NECESSARY TO CARRY OUT THEIR MANDATE UNDER THIS CODE.

IMPLEMENTATION OF THE PLANS, PROGRAMS AND PROJECTS OF THE REGIONAL BOARDS REFERRED TO IN THE SECOND PARAGRAPH, LETTER (A) OF THIS ARTICLE, SHALL BE THROUGH THE RESPECTIVE REGIONAL OFFICES OF THE DOLE WITHIN THEIR TERRITORIAL JURISDICTION; PROVIDED, HOWEVER, THAT THE REGIONAL BOARDS SHALL HAVE TECHNICAL SUPERVISION OVER THE REGIONAL OFFICE OF THE DOLE WITH RESPECT TO THE IMPLEMENTATION OF SAID PLANS, PROGRAMS AND PROJECTS. EACH REGIONAL BOARD SHALL BE COMPOSED OF THE REGIONAL DIRECTOR OF THE DOLE AS CHAIRMAN, THE REGIONAL DIRECTORS OF THE NEDA AND DEPARTMENT OF TRADE AND INDUSTRY AS VICE-CHAIRMEN AND TWO (2) MEMBERS EACH FROM WORKERS AND EMPLOYERS SECTORS WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES, UPON RECOMMENDATION OF THE SECRETARY OF LABOR AND EMPLOYMENT, TO BE MADE ON THE BASIS OF THE LIST OF NOMINEES SUBMITTED BY THE WORKERS AND EMPLOYERS SECTORS, RESPECTIVELY, AND WHO SHALL SERVE FOR A TERM OF FIVE (5) YEARS.

EACH REGIONAL BOARD TO BE HEADED BY ITS CHAIRMAN SHALL BE ASSISTED BY A SECRETARIAT.

[Wage Order. - Upon submission of the Commission recommendation, the Secretary of Labor shall give notice to interested parties and conduct a public hearing thereon within 15 days. On the basis of the Commission recommendation and of the results of the public hearing, the Secretary of Labor shall, within 15 days after the termination of the hearing, approve or reject but shall not modify the minimum wages recommended by the Commission. If he rejects the recommendation, he shall issue a statement of his reasons therefor and shall direct the Commission to consider the same immediately. If he approves the recommendation of the Commission original or modified, he shall immediately issue

a wage order, subject to the approval of the President of the Philippines, prescribing the minimum wage to be paid to the employees in the industry.]”

“Art. 123. WAGE ORDER. - WHENEVER CONDITIONS IN THE REGION SO WARRANT, THE REGIONAL BOARD SHALL INVESTIGATE AND STUDY ALL PERTINENT FACTS; AND, BASED ON THE STANDARDS AND CRITERIA HEREIN PRESCRIBED, SHALL PROCEED TO DETERMINE WHETHER A WAGE ORDER SHOULD BE ISSUED. ANY SUCH WAGE ORDER SHALL TAKE EFFECT AFTER FIFTEEN (15) DAYS FROM ITS COMPLETE PUBLICATION IN AT LEAST ONE (1) NEWSPAPER OF GENERAL CIRCULATION IN THE REGION.

IN THE PERFORMANCE OF ITS WAGE-DETERMINING FUNCTIONS, THE REGIONAL BOARD SHALL CONDUCT PUBLIC HEARINGS/CONSULTATIONS, GIVING NOTICES TO EMPLOYEES' AND EMPLOYERS' GROUPS, PROVINCIAL, CITY AND MUNICIPAL OFFICIALS AND OTHER INTERESTED PARTIES.

ANY PARTY AGGRIEVED BY THE WAGE ORDER ISSUED BY THE REGIONAL BOARD MAY APPEAL SUCH ORDER TO THE COMMISSION WITHIN TEN (10) CALENDAR DAYS FROM THE PUBLICATION OF SUCH ORDER. IT SHALL BE MANDATORY FOR THE COMMISSION TO DECIDE SUCH APPEAL WITHIN SIXTY (60) CALENDAR DAYS FROM THE FILING THEREOF.

THE FILING OF THE APPEAL DOES NOT OPERATE TO STAY THE ORDER UNLESS THE PERSON APPEALING SUCH ORDER SHALL FILE WITH THE COMMISSION AN UNDERTAKING WITH A SURETY OR SURETIES SATISFACTORY TO THE COMMISSION FOR THE PAYMENT TO THE EMPLOYEES AFFECTED BY THE ORDER OF THE CORRESPONDING INCREASE, IN THE EVENT SUCH ORDER IS AFFIRMED.

[Criteria for Minimum Wage Fixing. - A minimum wage to be established by the Commission shall be as nearly adequate as is economically feasible to maintain the minimum standards of living necessary for the health, efficiency and general well-being of the employees within the framework of the national economic and social development program. In the determination of a minimum wage, the Commission shall, among other relevant factors, consider the following:

- (a) Cost of living;
- (b) Comparable wages and other incomes in the economy;
- (c) Fair return of the capital invested; and
- (d) The imperatives of economic and social development.

The wage established in accordance with the provisions of this Title shall not be the standard prevailing minimum wages in the industry on the effective date of this Code and in no case less than the minimum wage rates set forth in Chapter II of this Title. These wages may include wages varying with localities if in the judgment of the Commission and the Secretary of Labor conditions make such local differentiation proper and necessary to effectuate the purposes of this Title."

"Art. 124. STANDARDS/CRITERIA FOR MINIMUM WAGE FIXING. - THE REGIONAL MINIMUM WAGES TO BE ESTABLISHED BY THE REGIONAL BOARD SHALL BE AS NEARLY ADEQUATE AS IS ECONOMICALLY FEASIBLE TO MAINTAIN THE MINIMUM STANDARDS OF LIVING NECESSARY FOR THE HEALTH, EFFICIENCY AND GENERAL WELL-BEING OF THE EMPLOYEES WITHIN THE FRAMEWORK OF THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PROGRAM. IN THE DETERMINATION OF SUCH REGIONAL MINIMUM WAGES, THE REGIONAL BOARD SHALL, AMONG OTHER RELEVANT FACTORS, CONSIDER THE FOLLOWING: "(A) THE DEMAND FOR LIVING WAGES;

"(B) WAGE ADJUSTMENT VIS-A-VIS THE CONSUMER PRICE INDEX;

"(C) THE COST OF LIVING AND CHANGES OR INCREASES THEREIN;

"(D) THE NEEDS OF WORKERS AND THEIR FAMILIES;

"(E) THE NEED TO INDUCE INDUSTRIES TO INVEST IN THE COUNTRYSIDE;

"(F) IMPROVEMENTS IN STANDARDS OF LIVING;

"(G) THE PREVAILING WAGE LEVELS;

"(H) FAIR RETURN OF THE CAPITAL INVESTED AND CAPACITY TO PAY OF EMPLOYERS;

"(I) EFFECTS ON EMPLOYMENT GENERATION AND FAMILY INCOME; AND

"(J) THE EQUITABLE DISTRIBUTION OF INCOME AND WEALTH ALONG THE IMPERATIVES OF ECONOMIC AND SOCIAL DEVELOPMENT.

"THE WAGES PRESCRIBED IN ACCORDANCE WITH THE PROVISIONS OF THIS TITLE SHALL BE THE STANDARD PREVAILING MINIMUM WAGES IN EVERY REGION. THESE WAGES SHALL INCLUDE WAGES VARYING WITH INDUSTRIES, PROVINCES OR LOCALITIES IF IN THE JUDGMENT OF THE REGIONAL BOARD CONDITIONS MAKE SUCH LOCAL

DIFFERENTIATION PROPER AND NECESSARY TO EFFECTUATE THE PURPOSE OF THIS TITLE.

"ANY PERSON, COMPANY, CORPORATION, PARTNERSHIP OR ANY OTHER ENTITY ENGAGED IN BUSINESS SHALL FILE AND REGISTER ANNUALLY WITH THE APPROPRIATE REGIONAL BOARD, COMMISSION AND THE NATIONAL STATISTICS OFFICE AN ITEMIZED LISTING OF THEIR LABOR COMPONENT, SPECIFYING THE NAMES OF THEIR WORKERS AND EMPLOYEES BELOW THE MANAGERIAL LEVEL, INCLUDING LEARNERS, APPRENTICES AND DISABLED/HANDICAPPED WORKERS WHO WERE HIRED UNDER THE TERMS PRESCRIBED IN THE EMPLOYMENT CONTRACTS, AND THEIR CORRESPONDING SALARIES AND WAGES.

"WHERE THE APPLICATION OF ANY PRESCRIBED WAGE INCREASE BY VIRTUE OF A LAW OR WAGE ORDER ISSUED BY ANY REGIONAL BOARD RESULTS IN DISTORTIONS OF THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT, THE EMPLOYER AND THE UNION SHALL NEGOTIATE TO CORRECT THE DISTORTIONS. ANY DISPUTE ARISING FROM WAGE DISTORTIONS SHALL BE RESOLVED THROUGH THE GRIEVANCE PROCEDURE UNDER THEIR COLLECTIVE BARGAINING AGREEMENT AND, IF IT REMAINS UNRESOLVED, THROUGH VOLUNTARY ARBITRATION. UNLESS OTHERWISE AGREED BY THE PARTIES IN WRITING, SUCH DISPUTE SHALL BE DECIDED BY THE VOLUNTARY ARBITRATOR OR PANEL OF VOLUNTARY ARBITRATORS WITHIN TEN (10) CALENDAR DAYS FROM THE TIME SAID DISPUTE WAS REFERRED TO VOLUNTARY ARBITRATION.

"IN CASES WHERE THERE ARE NO COLLECTIVE AGREEMENTS OR RECOGNIZED LABOR UNIONS, THE EMPLOYERS AND WORKERS SHALL ENDEAVOR TO CORRECT SUCH DISTORTIONS. ANY DISPUTE ARISING THEREFROM SHALL BE SETTLED THROUGH THE NATIONAL CONCILIATION AND MEDIATION BOARD AND, IF IT REMAINS UNRESOLVED AFTER TEN (10) CALENDAR DAYS OF CONCILIATION, SHALL BE REFERRED TO THE APPROPRIATE BRANCH OF THE NATIONAL LABOR RELATIONS COMMISSION (NLRC). IT SHALL BE MANDATORY FOR THE NLRC TO CONDUCT CONTINUOUS HEARINGS AND DECIDE THE DISPUTE WITHIN TWENTY (20) CALENDAR DAYS FROM THE TIME SAID DISPUTE IS SUBMITTED FOR COMPULSORY ARBITRATION.

"THE PENDENCY OF A DISPUTE ARISING FROM A WAGE DISTORTION SHALL NOT IN ANY WAY DELAY THE APPLICABILITY OF ANY INCREASE IN PRESCRIBED WAGE RATES PURSUANT TO THE PROVISIONS OF LAW OR WAGE ORDER.

"AS USED HEREIN, A WAGE DISTORTION SHALL MEAN A SITUATION WHERE AN INCREASE IN PRESCRIBED WAGE RATES RESULTS IN THE ELIMINATION OR SEVERE CONTRACTION OF INTENTIONAL QUANTITATIVE DIFFERENCES IN WAGE OR SALARY RATES BETWEEN AND AMONG EMPLOYEE GROUPS IN AN ESTABLISHMENT AS TO EFFECTIVELY OBLITERATE THE DISTINCTIONS EMBODIED IN SUCH WAGE STRUCTURE BASED ON SKILLS, LENGTH OF SERVICE, OR OTHER LOGICAL BASES OF DIFFERENTIATION.

"ALL WORKERS PAID BY RESULT, INCLUDING THOSE WHO ARE PAID ON PIECEWORK, TAKAY, PAKYAW OR TASK BASIS, SHALL RECEIVE NOT LESS THAN THE PRESCRIBED WAGE RATES PER EIGHT (8) HOURS WORK A DAY, OR A PROPORTION THEREOF FOR WORKING LESS THAN EIGHT (8) HOURS.

"ALL RECOGNIZED LEARNERSHIP AND APPRENTICESHIP AGREEMENTS SHALL BE CONSIDERED AUTOMATICALLY MODIFIED INSOFAR AS THEIR WAGE CLAUSES ARE CONCERNED TO REFLECT THE PRESCRIBED WAGE RATES.

[Effectivity of the Wage Order. - A Wage Order shall take effect 15 days after publication in at least one newspaper of general circulation and by such other means as the Secretary of Labor deems reasonably calculated to give the interested parties general notice of such issuance. From the date of the effectivity of a Wage Order, no employee who is within the scope of such order shall be paid wages below the rate fixed therein.

Only the Wage Order itself shall be published.]"

"Art. 126. Prohibition Against Injunction. - NO PRELIMINARY OR PERMANENT INJUNCTION OR TEMPORARY RESTRAINING ORDER MAY BE ISSUED BY ANY COURT, TRIBUNAL OR OTHER ENTITY AGAINST ANY PROCEEDINGS BEFORE THE COMMISSION OR THE REGIONAL BOARDS.

[No injunction may be issued by any court to restrain any proceeding of or before the Wage Commission or the Secretary of Labor except on the basis of question of law by the Supreme Court on certiorari.]"

"Art. 127. NON-DIMINUTION OF BENEFITS. - NO WAGE ORDER ISSUED BY ANY REGIONAL BOARD SHALL PROVIDE FOR WAGE RATES LOWER THAN THE STATUTORY MINIMUM WAGE RATES PRESCRIBED BY CONGRESS."

[Power of the Commission. - In conducting a continuing study of wage rates and other economic conditions in any industry or branches thereof; the Commission may call upon the assistance and cooperation of any regional,

provincial and local government agency and may call interested parties to furnish information in aid of its deliberations.]"

SEC. 4. (a) Upon the effectivity of this Act, the statutory minimum wage rates of all workers and employees in the private sector, whether agricultural or non-agricultural, shall be increased by Twenty-five pesos (P25.00) per day, except that workers and employees in plantation agricultural enterprises outside of the National Capital Region (NCR) with an annual gross sales of less than Five million pesos (P5,000,000.00) in the preceding year shall be paid an increase of Twenty pesos (P20.00), and except further that workers and employees of cottage/handicraft industries, non-plantation agricultural enterprises, retail/service establishments regularly employing not more than ten (10) workers, and business enterprises with a capitalization of not more than Five hundred thousand pesos (P500,000.00) and employing not more than twenty (20) employees, which are located or operating outside the NCR, shall be paid only an increase of Fifteen pesos (P15.00): *Provided*, That those already receiving above the minimum wage rates up to One hundred pesos (P100.00) shall also receive an increase of Twenty-five pesos (P25.00) per day, except that the workers and employees mentioned in the first exception clause of this Section shall also be paid only an increase of Twenty pesos (P20.00), and except further that those employees enumerated in the second exception clause of this Section shall also be paid an increase of Fifteen pesos (P15.00): *Provided further*, That the appropriate Regional Board is hereby authorized to grant additional increases to the workers and employees mentioned in the exception clauses of this Section if, on the basis of its determination pursuant to Article 124 of the Labor Code such increases are necessary.

(b) The increase of Twenty-five pesos (P25.00) prescribed under this Section shall apply to all workers and employees entitled to the same in private educational institutions as soon as they have increased or are granted authority to increase their tuition fees during school year 1989-1990. Otherwise, such increase shall be so applicable not later than the opening of the next school year beginning 1990.

(c) Exempted from the provisions of this Act are household or domestic helpers and persons employed in the personal service of another, including family drivers.

Retail/service establishments regularly employing not more than ten (10) workers may be exempted from the applicability of this Act upon application with and as determined by the appropriate Regional Board in accordance with the applicable rules and regulations issued by the Commission. Whenever an application for exemption has been duly filed with the appropriate Regional Board, action on any complaint for alleged noncompliance with this Act shall be deferred pending resolution of the application for exemption by the appropriate Regional Board.

In the event that applications for exemptions are not granted, employees shall receive the appropriate compensation due them as provided for by this Act plus interest of one percent (1%) per month retroactive to the effectivity of this Act.

(d) If expressly provided for and agreed upon in the collective bargaining agreements, all increases in the daily basic wage rates granted by the employers three (3) months before the effectivity of this Act shall be credited as compliance with the increases in the wage rates prescribed herein, provided that, where such increases are less than the prescribed increases in the wage rates under this Act, the employer shall pay the difference. Such increases shall not include anniversary wage increases, merit wage increases and those resulting from the regularization or promotion of employees. Where the application of the increases in the wage rates under this Section results in distortions as defined under existing laws in the wage structure within an establishment and gives rise to a dispute therein, such dispute shall first be settled voluntarily between the parties and in the event of a deadlock, the same shall be finally resolved through compulsory arbitration by the regional arbitration branch of the National Labor Relations Commission (NLRC) having jurisdiction over the workplace.

It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising under this Section within twenty (20) calendar days from the time said dispute is formally submitted to it for arbitration. The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of the increases in the wage rates prescribed under this Section.

SEC. 5. Within a period of four (4) years from the effectivity of this Act and without prejudice to collective bargaining negotiations or agreements or other employment contracts between employers and workers, new business enterprises that may be established outside the NCR and export processing zones whose operations or investments need initial assistance as may be determined by the Department of Labor and Employment in consultation with the Department of Trade and Industry or the Department of Agriculture, as the case may be, shall be exempt from the application of this Act for not more than three (3) years from the start of their operations: *Provided*, That such new business enterprises established in Region III (Central Luzon) and Region IV (Southern Tagalog) shall be exempt from such increases only for two (2) years from the start of their operations, except those established in the Provinces of Palawan, Oriental Mindoro, Occidental Mindoro, Marinduque, Romblon, Quezon and Aurora, which shall enjoy such exemption for not more than three (3) years from the start of their operations.

SEC. 6. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increases in the wage rates of the workers shall be borne by

the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

SEC. 7. Upon written petition of the majority of the employees or workers concerned, all private establishments, companies, businesses, and other entities with twenty five (25) or more employees and located within one (1) kilometer radius to a commercial, savings or rural bank shall pay the wages and other benefits of their employees through any of said banks and within the period for payment of wages fixed by Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines.

SEC. 8. Whenever applicable and upon request of a concerned worker or union, the bank shall issue a certification of the record of payment of wages of a particular worker or workers for a particular payroll period.

SEC. 9. The Department of Labor and Employment shall conduct inspections as often as possible within its manpower constraint of the payroll and other financial records kept by the company or business to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or any Wage Order. In unionized companies, the Department of Labor and Employment inspectors shall always be accompanied by the president or any responsible officer of the recognized bargaining unit or of any interested union in the conduct of the inspection. In non-unionized companies, establishments or businesses, the inspection shall be carried out in the presence of a worker representing the workers in the said company. The workers' representative shall have the right to submit his own findings to the Department of Labor and Employment and to testify on the same if he cannot concur with the findings of the labor inspector.

SEC. 10. The funds necessary to carry out the provisions of this Act shall be taken from the Compensation and Organizational Adjustment Fund, the Contingent Fund, and other savings under Republic Act. No. 6688, otherwise known as the General Appropriations Act of 1989, or from any unappropriated funds of the National Treasury: *Provided*, That the funding requirements necessary to implement this Act shall be included in the annual General Appropriations Act for the succeeding years.

SEC. 11. The National Wages Council created under Executive Order No. 614 and the National Productivity Commission created under Executive Order No. 615 are hereby abolished. All properties, records, equipment, buildings, facilities, and other assets, liabilities and appropriations of and belonging to the abovementioned offices, as well as other matters pending therein, shall be transferred to the Commission. All personnel of the above-

abolished offices shall continue to function in a hold-over capacity and shall be preferentially considered for appointments to or placement in the Commission.

Any official or employee separated from the service as a result of the abolition of offices pursuant to this Act shall be entitled to appropriate separation pay and retirement and other benefits accruing to them under existing laws. In lieu thereof, at the option of the employee, he shall be preferentially considered for employment in the government or in any of its subdivisions, instrumentalities, or agencies, including government-owned or -controlled corporations and their subsidiaries.

SEC. 12. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in the wage rates made in accordance with this Act shall be punished by a fine not exceeding Twenty-five thousand pesos (P25,000.00) and/or imprisonment of not less than one (1) year nor more than two (2) years: *Provided*, That any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officer, general manager, managing director or partner.

SEC. 13. The Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 14. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly. If any provision or part of this Act, or the application thereof to any person or circumstance, is held invalid or unconstitutional, the remainder of this Act or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

Nothing in this Act shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers.

SEC. 15. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,

SUSPENSION OF THE SESSION

The President. Shall we pose for a one-minute recess?

It was 4:28 p.m.

RESUMPTION OF THE SESSION

At 4:31 p.m., the session was resumed.

The President. The session is resumed.

Senator Mercado. Mr. President, Senator Pimentel wishes to make a manifestation.

MANIFESTATION OF SENATOR PIMENTEL (Vote in Favor of Senate Bill No. 1084)

Senator Pimentel. Mr. President, I think, during the counting of the votes, my affirmative vote was not included. So, I would like to make of record that I am voting in favor of the bill, especially because I was a Member of the Conference Committee. I signed the Report, and there is no reason for me whatsoever not to vote in favor of the bill.

The President. Let that be placed on the record.

Senator Alvarez is recognized.

Senator Alvarez. With the indulgence of the Chair, Mr. President, may I likewise register my affirmative vote for this Conference Committee Report.

The President. Let that be placed on the record.

The Majority Floor Leader is recognized.

BILL ON THIRD READING Senate Bill No. 29 — Students' Summer Employment

Senator Mercado. Mr. President, I move that we vote on Third Reading on Senate Bill No. 29. Copies of the bill were distributed to all Members of the Senate on the 2nd of June 1989.

The President. Voting on Third Reading on Senate Bill No. 29 is now in order. The Secretary will please read only the title of the bill, if there is no objection. [*There was none.*]

The Secretary. Senate Bill No. 29, entitled

AN ACT TO HELP POOR BUT DESERVING STUDENTS PURSUE THEIR EDUCATION BY ENCOURAGING THEIR EMPLOYMENT DURING SUMMER AND ON CHRISTMAS VACATIONS THROUGH INCENTIVES GRAN-