

**House of Representatives  
First Regular Session**

**Privilege Speech***(Third Draft)*

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Mr. Speaker, and Fellow Legislators:

Philippine Airlines, the crown jewel of the Philippine aviation industry is once again in amess. PAL is our flag-carrier and it provides critical services not only in transporting passengers but also goods, patients, mails, equipment, monies and other important items locally and internationally.

PAL serves as our number one hospital run, bank run, mail run and even military run among other critical services that it provides for our nation.It cannot be overemphasized that PAL is an enterprise that is vested with public interest. We must all help in finding ways to prevent the situation in the airline to further deteriorate. ***Everyone one of us has a stake in the future of PAL.***

It is imperative however, that we first understand why PAL is experiencing troubles today. The management of PAL would have us believe that PAL has been badly affected by a downturn in the economy and that it is in dire financial straits is the reason for recent moves to cut costs. But let us be known that PAL is not a losing company. It is still a highly- profitable enterprise based on its official financial documents submitted to government authorities.In fact, Vice Presidents of PAL receive salaries of 700,000 to one million pesos monthly.

***It is for this reason that this representation believes that the present difficulties in the airline are caused by unfair labor practices on the part of PAL management- that is, the deliberate undermining of fundamental worker's rights and core labor standards using the veil of corporate sustainability and competitiveness.***

***Mr. Speaker, the present problems of PAL are due to the fact that airline's management does not know the meaning of justice – that is, giving what is due to the workers. PAL workers from the pilots, to the stewardesses, to the***

***maintenance and service crews are clearly not getting what is due them – recognition, appreciation and fair and just rewards for their commitment and proficient service to the company.***

PAL management would have us believe that it is the overpaid pilots of PAL who are at the heart of the problem. PAL management would have us believe that it is the self-satisfied stewardess which is the cause of its woe. PAL management would have us believe that it is the failure of communications between management and workers that triggered the resignation of the pilots, the threatened strikes of the stewardesses and the ground personnel.

But it is the belief of this representation that in fact, it has been the deliberate and calculated strategy of PAL management to lower labor standards, to undermine workers' security of tenure, to outsource essential services which triggered the sequence of events leading to the current mess.

For a long time since its privatization, PAL's dedicated, highly-skilled and competent workers – pilots, flight attendants and ground workers – “the geese that lay the golden eggs” for PAL's stockholders and owners worked, and are still working to provide safe and reliable services to the riding public even under an atmosphere of unfairness and work insecurity.

It is understandable that PAL, like any private company must make money by increasing revenues and decreasing costs in order to sustain itself and protect its bottom-line. But when PAL became hell-bent to reduce its operational costs to gain highest return on investments even to the extent of being unfair and unjust to its own workers, then, complications started to pile-up

PAL's highly-trained pilots who recently resigned *en masse* cannot be faulted for their decision. They are professionals and they want and deserve to have the best quality of life for them and for their own families. They should be paid world-class wages for delivering world class service. They left the company because they feel that PAL is not concerned about their well-being. First, their right to organize and to collectively bargain was not respected. They do not have their own union and collective bargaining agreement (CBA) with the company. Thus, PAL pilots are receiving far less than their counterparts in the region in terms of salaries and benefits. To add insult to injury, some of them were forced to work for Air Philippines, PAL's sister company, with even lower pay and no benefits, and without security of tenure.

They were being asked to go on leave without pay, then accept contractual terms to fly in Air Philippines in the meantime with a 30,000-peso monthly pay-cut. Management dangled

the promise that should PAL need their service once again, they would be given notice to return. PAL management wanted to bake their cake and eat it too as management insisted that when they went on leave they could not look for other employment trapping them to the unfair arrangement to fly Air Philippines at less pay. Those resigned pilots were forced by circumstances to leave the country and their families.

PAL management wants their pilots to be loyal to the company and yet they really do not care for the welfare of their personnel. ***That is simply unjust and unfair to workers.***

And that is not the end of PAL's list of transgressions against its employees. If pilots who belong to a so-called "mission-critical industry" and who are highly sought after elsewhere in the world can be oppressed and exploited, then, their colleagues such as flight attendants and ground crew are also vulnerable to the unfair practices of PAL management.

The Flight Attendants' and Stewards' Association of the Philippines (FASAP) recently exposed the discriminatory and biased employment policies of PAL against its own flight stewardesses. PAL's compulsory retirement age for newly-recruited flight attendants is only 40 years as compared to 60 years for pilots and 65 years for other employees. It is said that life begins at 40. But for PAL stewardesses, it seems that life ends at 40. What will happen to those flight stewardesses who will be out of work after reaching 40? How can they sustain themselves and their families after they are compulsorily retired from the company at a relatively young age?

PAL's policy implies that it wishes to have a new crop of flight attendants who are still young, supple and attractive. This is patently unjust and discriminatory. It is also a scheme of cost reduction because PAL will not have to maintain "more expensive" older flight attendants who are already entitled to higher wages and benefits that they have earned through their long years of devoted service to the airline.

To make matters worse, PAL management is refusing to negotiate with the union for a new collective bargaining agreement. The FASAP-PAL CBA had already expired in 2007. Refusal to negotiate on the part of the management means that flight attendants cannot gain better and fairer terms of work including higher salaries and benefits. It will not be unthinkable that in the future, PAL will not only lose all its excellent pilots but also its best flight attendants to foreign airlines while the company continues to shortchange its workers.

The ground workers are of course not exempted from injustice and the insensitivity of PAL management. PAL had already dramatically reduced its operations costs, and yet PAL is still

planning to outsource the services of 2,600 regular ground employees manning Airport Services, In-Flight Catering Services and Call Center Operations. Again, this is not because PAL is losing money. The objective is clearly to further cut-down on labor costs and increase corporate profits, stockholders' dividends, and officers salaries. The management decision to outsource the said regular functions is a blatant violation of the existing CBA between the Philippine Airlines Employees Association (PALEA) and PAL management. Article XXIV, Section 4 of the said CBA states that "The Company undertakes not to contract out existing positions, jobs, divisions and departments presently occupied by present or future regular employees within the collective bargaining unit."

A collective bargaining agreement is a contract between management and labor which must be respected and upheld. But PAL management seems to not care about its contractual obligations with its workers. For PAL management, its CBA with its workers is just a piece of paper that be discarded at will.

This representation is just wondering why then Labor Acting Secretary Romeo C. Lagman through an official order issued on June 15, 2010, approved the plan of PAL to retrench 2,600 permanent workers majority of whom are leaders and members of the union! What could be the many reasons that moved the Honorable Secretary to decide in favor of management with haste and under suspicious circumstances?

PAL's labor flexibilization program is a violation of workers' security of tenure, and a clear attempt at union busting. What will happen to the terminated workers when they are supposedly absorbed by the new service providers and subcontractors of PAL? Just like what has happened to thousands of laid-off employees in other companies - reduced wages and benefits, no security of tenure, sub-standard working conditions, and increasing exploitation.

Only effective, efficient, highly-competent, well-paid, justly treated and happy employees can deliver outstanding services to customers. If PAL management will continue being unfair to its workers by undermining their security of tenure and other fundamental labor rights, then certainly, PAL workers' quality of services will be negatively affected as a result .

***Mr. Speaker, if PAL workers will continue to feel insecure in their jobs, if they will continue to be bothered by a nagging sense of unfairness of their situation, then, it will be hard for the riding public, local and foreign tourists, for us Fellow Lawmakers and our families, to expect that we can still get safe and reliable services from PAL as we used to enjoy.***

This is one of the negative results of the hasty decision to privatize government corporations. Because PAL became a private entity, its focus was solely to pursue profits without prior consideration to social good. ***This representation will repeat our position in the democratic labor movement – that privatizing state companies will not automatically and necessarily result in better outcomes, most especially for workers and customers.*** After a public enterprise had been privatized, its personnel oftentimes found themselves at the losing end. That is what happened to PAL employees.

This representation vows to protect not only the rights of PAL pilots, flight attendants and ground workers but the interests and welfare of the 36 million Filipino workers who continued to be marginalized despite their vital contributions to the economy and society.

***I am calling on the PAL management. Please stop being unjust and unfair to your workers if you don't want your present problems to worsen. Take care of your employees and they will take care of you. Respect their right to organize. Respect their right to collectively bargain. Respect their security of tenure. Follow the law. For if you will continue to degrade and depreciate your workers, you cannot expect the best from them. I repeat, pay your workers fair and just salaries, treat them well, and they will provide excellent services.***

If PAL's uncaring style of treating its workers will continue without sanctions from the government, then, other companies and industries will take the cue and use it as a precedence to undermine the rights of their own workers. That must not happen. I call on my fellow lawmakers. We must not allow any further deprivation of our workers who are the backbone of our economy and society.

Finally, I would like to take this opportunity to remind all other employers and business owners whom we in TUCP treat as our social partners towards progress and development. We in TUCP believe that we can sustain harmonious relationships if we will just share our common decent work agenda. We in TUCP had fostered and will continue to cultivate a cooperative stance with our partners in private sector.

But to our friends in business, make no mistake. Please do not threaten the basic rights of workers nor should you violate core labor standards. The core labor standards include the workers' rights to organize, to collectively bargain, and to strike as their last resort to defend and protect their wellbeing.

This representation will run after you until you learn to respect the dignity of your workers; until you understood the meaning of equity, justice and fairness; until you accepted

the fact that we, the workers, are the ones who created the stupendous wealth that you and your families are now enjoying.

***Be just and fair to your employees. That is all we from labor ask from you.***

Thank you very much Mr. Speaker.