

Republic of the Philippines  
PUBLIC SECTOR LABOR-MANAGEMENT COUNCIL  
CSC Building Constitution Hills  
Diliman, Quezon City

**GRANT OF COLLECTIVE NEGOTIATION AGREEMENT (CNA) INCENTIVE  
FOR NATIONAL GOVERNMENT AGENCIES, STATE UNIVERSITIES AND  
COLLEGES AND LOCAL GOVERNMENT UNITS**

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RESOLUTION NO. 04, s. 2002

**WHEREAS**, Section 3 of Article XIII of the Constitution guarantees the right of government employees to self-organization, collective bargaining and negotiations;

**WHEREAS**, the Council, through PSLMC Resolution No. 1, s. 1999, provides for the grant of CNA Signing Bonus;

**WHEREAS**, the Supreme Court, in the case of **Social Security System vs. Commission on Audit** (G.R. No. 149240, July 12, 2002), has ruled against signing bonus, considering the same as a form of additional compensation prohibited under the Constitution;

**WHEREAS**, there is a need to clarify and harmonize certain rules on collective negotiation and the payment of an incentive in connection with the forging of the CNA between the union and management;

**WHEREAS**, during the negotiation, the parties may agree on some other kinds and forms of incentive to those who have contributed either in productivity or cost savings which are referred herein as CNA Incentive;

**WHEREAS**, the CNA Incentive is intended to be charged against free unencumbered savings of the agency, which are no longer intended for any specific purpose;

**WHEREFORE**, the Council resolves, as it is hereby resolved, to adopt the following guidelines which shall apply to national government agencies, state universities and colleges, and local government units:

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**Section 1.** In recognition of the joint efforts of labor and management to achieve all planned targets, programs and services approved in the budget of the agency at a lesser cost, CNA Incentive may be provided in the CNA. To ensure that funds are available and still all planned targets, programs and services approved in the budget of the agency are achieved, only savings generated after the signing of the CNA may be used for the CNA Incentive.

**Section 2.** To ensure that savings will be generated after the signing, the CNA must include provisions on cost cutting measures and systems improvement that will be undertaken by both the management and the union so that the delivery of service or achievement of agency targets can be made at less cost.

**Section 3.** Savings refer to such balances of the agency's released allotment for the year, free from any obligation or encumbrance and which are no longer intended for specific purpose/s:

- (a) After completion of the work/activity for which the appropriation is authorized;
- (b) Arising from unpaid compensation and related costs pertaining to vacant positions, or
- (c) Realized from the implementation of the provisions of the CNA which resulted in improved systems and efficiencies thus enabled the agency to meet and deliver the required or planned targets, programs and services approved in the annual budget at a lesser cost.

**Section 4.** The priority in the use of savings as provided in the General Provisions of the General Appropriations Act shall be strictly observed, to wit:

*"In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, bonus, retirement gratuity, terminal leave, old-age pension of veterans and other personnel benefits authorized by law and those expenditure items authorized in the agency Special Provision and in Section 16 and in other sections of the General Provisions of this Act."*

**Section 5.** Total Savings, as defined in Section 3 and net of the priorities in Section 4, generated after the signing of the CNA shall be apportioned, as follows:

Fifty percent (50%) for CNA Incentive

Thirty percent (30%) for improvement of working conditions and other programs and/or to be added as part of the CNA Incentive, as may be agreed upon in the CNA

Twenty percent (20%) to be reverted to the General Fund for the national government agencies or to the General Fund of the constitutional commissions, state universities and colleges, and local government units concerned, as the case may be

**Section 6.** Since CNA Incentive is linked with agency performance and productivity, there can be a provision in the CNA allowing higher incentives to employees in offices or units which contributed more either in productivity or cost savings.

**Section 7.** CNA Incentive can be paid every year that savings are generated during the life of the CNA.

**Section 8.** Should the grant of CNA Incentive be disallowed by the Commission on Audit, the management shall be held personally responsible for the payment thereof.

**Section 9.** As provided in Section 3, Rule VIII of the Rules and Regulations to Govern the Exercise to Right of Government Employees to Self-Organization, the following are not negotiable:

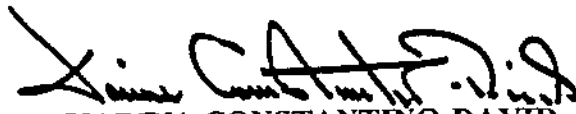
- a. Increase in salary emoluments and other allowances not presently provided for by law;
- b. Facilities requiring capital outlays;
- c. Car plan;
- d. Provident Funds;
- e. Special hospitalization, medical and dental services;
- f. Rice/sugar/other subsidies;
- g. Travel expenses
- h. Increase in retirement benefits.

**Section 10.** Government-owned or controlled corporations and government financial institutions shall be covered by another resolution.

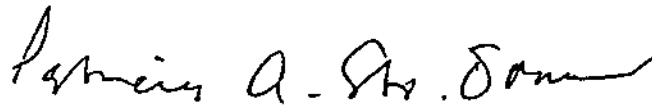
**Section 11.** This Resolution shall apply to all collective negotiation agreements, and supplements thereto, entered into after the effectivity hereof.

**Section 12.** This Resolution shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

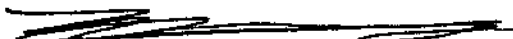
ADOPTED AND APPROVED this 14th day of November 2002 in Quezon City, Philippines.



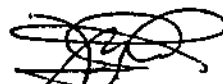
**KARINA CONSTANTINO-DAVID**  
Chairperson, Civil Service Commission  
CHAIRMAN



**PATRICIA A. STO. TOMAS**  
Secretary, Department of Labor and Employment  
VICE CHAIRMAN



**HERNANDO B. PEREZ**  
Secretary, Department of Justice  
MEMBER



**JOSE SIDRO CAMACHO**  
Secretary, Department of Finance  
MEMBER



**EMILIA T. BONCODIN**  
Secretary, Department of Budget and Management  
MEMBER

Attested by:



**ARIEL G. RONQUILLO**  
Director III, CSC  
Chairman, PSLMC Secretariat

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Note: Published on November 16, 2002, Manila Standard.