

# TRIPARTITE INDUSTRIAL PEACE COUNCIL

## RESOLUTION NO. 2

*Series of 2013*

*“Forwarding to the Governance Commission for GOCCs the Issue on the Alleged Overcharging by the Social Security System on Its Members’ Loans”*

**WHEREAS**, pursuant to Executive Order No. 403, Series of 1990, the TIPC shall review existing labor and social policies and evaluate local and international developments affecting them, and shall be the clearinghouse of tripartite views on labor and social concerns;

**WHEREAS**, the 2011 Commission on Audit (COA) Annual Audit Report revealed that the Social Security System (SSS) has overcharged its members by P788.842 million in advance interest on salary loans in 2011 and is thus advised to calculate interest using the method for normal installment type of credit prescribed by *Banko Sentral ng Pilipinas* (BSP) and to refund the excess amount to borrowers;

**WHEREAS**, the Tripartite Industrial Peace Council-Tripartite Executive Committee (TIPC-TEC) requested for an audience with the officials of the SSS and COA in order to address the issues and implications of the latter’s 2011 Annual Audit Report finding which significantly resulted in several inquiries and expectations of SSS member loan borrowers that they would receive a refund from the allegedly excessive deduction;

**WHEREAS**, in a TIPC-TEC meeting conducted on 26 November 2012, the SSS top officials clarified that:

- 1) SSS did not overcharge its member loan borrowers and did not violate any law on lending as it remained consistent with the implementing guidelines of the loan program, which stipulate the deduction of the advance first year’s interest from the net proceeds of the loan starting year 2000, in order to align the yield on SSS funds with the prevailing market rate;
- 2) The implementing terms and conditions of the member loans program were approved by the Social Security Commission (SSC) and were fully disclosed to the members;
- 3) Members were aware of the terms and conditions of the SSS lending system as they confirm to have read and agreed to such upon application for loans; and
- 4) SSS is under the Governance Commission for GOCCs (GCG) and not the BSP, thus nullifying the COA recommendation to calculate interest using the method for normal installment type of credit prescribed by the latter which is only applicable to private banks.

**WHEREAS**, after a thorough discussion of the issue with the SSS officials, the TIPC noted the foregoing position of SSS in response to the audit finding;


**WHEREAS**, the TIPC however believes that the SSS should have duly notified its members on any significant provisos or changes in the policy relative to the imposition of interests, through public dissemination and publication in a newspaper of general circulation;

**WHEREAS**, in an effort to remedy the false hope of SSS member loan borrowers that they could expect a refund of alleged excessive interest on loans, the tripartite stakeholders deemed it necessary to put a closure on the issue.


**NOW THEREFORE, BE IT RESOLVED, AS WE HEREBY RESOLVE**, to forward the issue, along with the TIPC position herein reflected, on the alleged overdeduction of interest on SSS loans, to the GCG which has mandate over the SSS, for the closure of the matter through the issuance of a resolution and publication of its position in a newspaper of general circulation.

Approved this 19<sup>th</sup> day of February 2013, at The Bayleaf Hotel, Intramuros, Manila, Philippines.

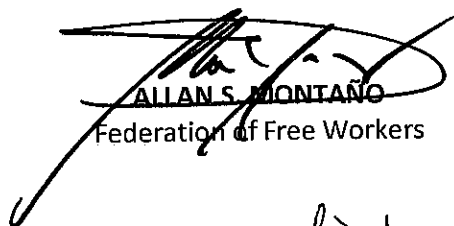
**LABOR SECTOR**


  
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Alliance of Progressive Labor

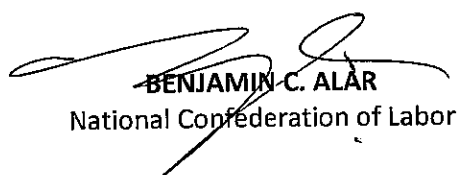
  
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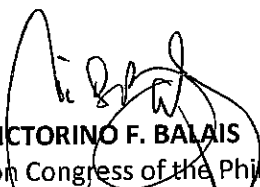
  
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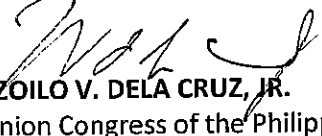
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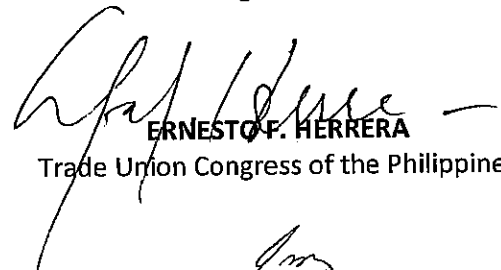
  
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**DAVID L. DIWA**  
Lakas Manggagawa Labor Center - ITUC


  
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Trade Union Congress of the Philippines - ITUC


  
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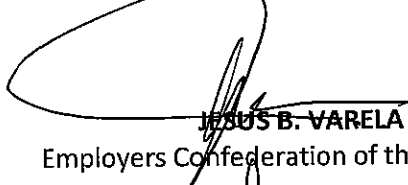
  
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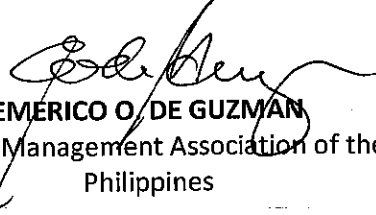
  
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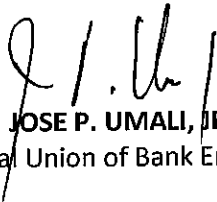
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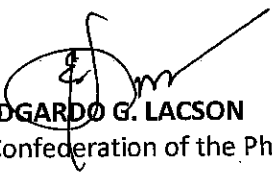
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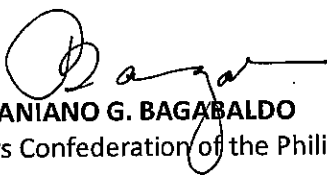
**EMPLOYERS' SECTOR**




**EDGARDO G. LACSON**  
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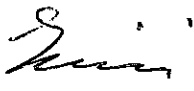
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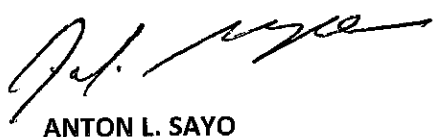
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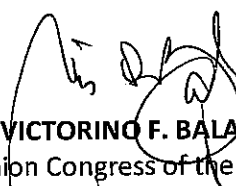
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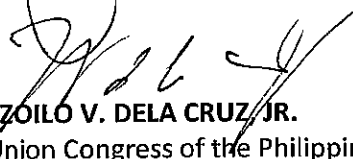
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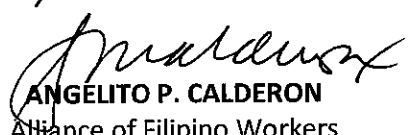
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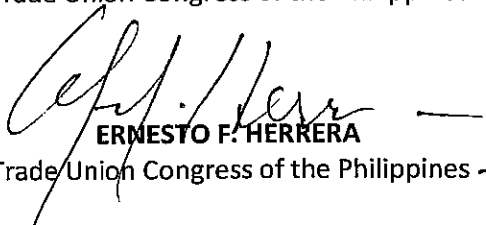
  
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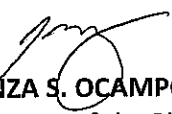
  
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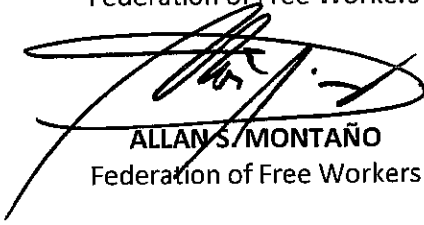
  
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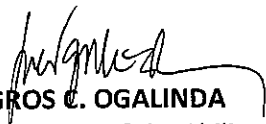
  
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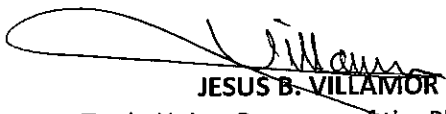
  
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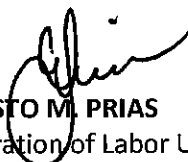
  
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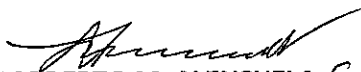
  
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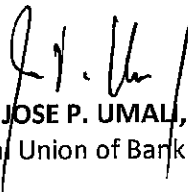
  
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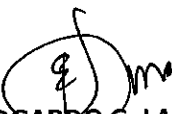
  
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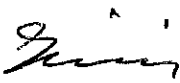
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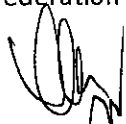
  
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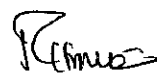
  
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