

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**BLUE BAR COCONUT PHILS., INC.,
*Petitioner,***

-versus-

**G.R. No. 54427
June 6, 1989**

**THE MINISTER OF LABOR, THE
ACTING REGIONAL DIRECTOR,
NATIONAL CAPITAL REGION AND
BLUE BAR WORKERS UNION-
PAMBANSANG KAPATIRANG
MANGGAGAWA-NLU,
*Respondents.***

X-----X

DECISION

PADILLA, J.:

This is a Petition for *Certiorari* with preliminary injunction which seeks to annul and set aside the following orders issued by public respondents in Case No. RO4-2-1634-77-LS, entitled "Blue Bar Workers Union-Pambansang Kapatirang Manggagawa-NLU vs. Blue Bar Coconut Philippines, Inc.:"

- (a) Order dated March 21, 1977, issued by respondent Acting Regional Director, thru Vicente Leogardo, Jr., Officer-in-Charge, Regional Office No. IV, Department of Labor,

directing petitioner to pay all its employees the sum of P0.63 as living allowance deficiency for each day of actual work during the period August 1, 1974 to December 31, 1976;^[1]

- (b) Order dated November 24, 1978 of the Minister of Labor through Deputy Minister Amado G. Inciong affirming the above stated Order of March 21, 1977;^[2]
- (c) Order dated March 18, 1980 denying petitioner's motion for reconsideration of the November 24, 1978 Order.^[3]

The antecedent facts, as stated in the Memorandum of the Solicitor General, are as follows:

On 14 December 1973, petitioner and Blue Bar Workers Union (BBWU), the exclusive bargaining agent of the workers in Blue Bar Coconut Philippines, entered into a collective bargaining agreement (CBA) which provided for, among others, a general wage increase of P0.80 per day to said workers, effective 1 January 1974. The CBA had a three (3) year duration, from 1 January 1974 to 31 December 1976.

On 4 January 1974, the President of the Philippines, Ferdinand E. Marcos, in a speech at the inauguration of the Central Bank Building, appealed to private employers to grant ECOLA (emergency cost of living allowance) to their employees.

On 10 June 1974, petitioner granted its employees a P1.00 per day ECOLA. It increased this amount to P1.37, first, by P0.18 and second, by P0.19, which increases simultaneously took effect on 1 August 1974.

On 1 August 1974, P.D. 525 which provided for a mandatory payment to employees or workers of P2.00 ECOLA per day, became effective.

Sometime in April 1975, petitioner and BBWU entered into an Agreement 4 in which they acknowledged that the "principal motivation (of petitioner) in granting P0.80 a day wage increase to its workers was to countervail the jump in the cost of living as a result of the energy crisis which started in November 1973." In the same April

1975 Agreement, the BBWU acknowledged that with the Po.80 a day wage increase and the daily ECOLA of P1.37, “the Company shall have fully complied with all laws and agreements involving wages and allowances.”

On 2 February 1977, respondent BBWU filed with Regional Office No. IV of the Ministry of Labor a complaint (Case No. RO4-2-1634-77-LS) against petitioner for underpayment of its workers by Po.63 of the P2.00 mandatory ECOLA under P.D. 525.

On 21 March 1977, respondent Acting Regional Director, thru his officer-in-charge, issued the aforestated first order in question (Annex A, Petition).

On 24 November 1978, respondent Minister of Labor, thru his Deputy Minister, issued the aforestated second order in question, which affirmed the first assailed order of 21 March 1977 (Annex B, Petition).

On 18 March 1980, respondent Minister, thru his Deputy Minister, issued the aforestated third order in question which denied petitioner’s motion for reconsideration of the order dated 24 November 1978 (Annex C, Petition).

Under date of 14 April 1980, petitioner filed an appeal with the Office of the President, and on 21 April 1980 a motion for issuance of a staying order.^[5]

On 12 September 1980, Hon. Jacobo C. Clave, Presidential Executive Assistant, acting by authority of the President, issued a resolution dismissing petitioner’s appeal and motion for the issuance of staying order.^[6]

The issues for resolution in the case at bar are:

1. whether the Po.80 a day wage increase granted by petitioner effective 1 January 1974, may be credited as ECOLA pursuant to the Interpretative Bulletin on LOI 174;

2. whether the CBA dated December 1973 was impaired when the Agreement of April 1975 was ignored by public respondents;
3. whether petitioner was deprived of due process of law;
4. whether the inclusion in the orders of public respondent of workers who intervened three years after filing of the complaint runs counter to the 3-year prescriptive period for money claims under the Labor Code.

We shall deal with the first and second issues together as they are interrelated.

As stated earlier, the President of the Philippines on 4 January 1974, during the inauguration of the Central Bank Building, issued an appeal to employers in the private sector to grant emergency allowance to their low-income employees in order to help them cope with the increasing prices of prime commodities. The Interpretative Bulletin on LOI 174 set the guidelines to be followed in the grant of the ECOLA.

Section 6 of the Interpretative Bulletin on Letter of Instructions No. 174 provides:

“Section 6. Allowances under LOI (174). — All allowances, bonuses, wage adjustments and other benefits given by employers to their employees shall be treated by the Department of Labor as in substantial compliance with the minimum standards set forth in LOI if:

- ‘(a) they conform with at least the minimum allowance scales specified in the immediately preceding Section; [7] and
- ‘(b) they are given in response to the appeal of the President in his speech on 4 January 1974, or to countervail the quantum jump in the cost of living as a result of the energy crisis starting in November, 1973, or pursuant to Presidential Decree No. 390;

Provided, That the payment is retroactive to 18 February 1974 or earlier.’

“x x x”

Petitioner avers that at the time it started negotiations on the CBA with the BBWU in November 1973, the jump in the cost of living was already of public knowledge. To cushion the impact of the high cost of living on the employees, the parties mutually agreed to a P0.80 a day increase in the wages of the workers, effective 1 January 1974. Consequently, petitioner argues, under the above cited Interpretative Bulletin, the P0.80 a day wage increase is creditable to the ECOLA of P2.00 under PD No. 525 since the language of the Bulletin supports the conclusion that wage increases or adjustments may be considered a creditable part of the emergency allowance for as long as they have been given “to countervail the quantum jump in the cost of living as a result of the energy crisis starting in November 1973.”^[8]

Petitioner further argues that its Agreement of April 1975 with the BBWU, which confirms the parties’ intention when they negotiated the CBA — that the P0.80 a day wage increase acts to countervail the quantum jump in the cost of living — was entered into after both parties utilized the grievance and voluntary arbitration machinery in their CBA, which the law requires.^[9] Hence, the agreement of April 1975, like a voluntary arbitration decision or award, is final and inappealable by express provision of law. According to petitioner, the legal effect of the April 1975 agreement was to render the matter of petitioner’s compliance with P.D. 525 a closed and terminated issue.

Petitioner finally submits that the respondent Minister of Labor should not have disregarded the April 1975 agreement, as it is sufficient proof that it (petitioner) has complied with LOI 174 and PD 525. To support its position, it cites the following provision of the Interpretative Bulletin (supra) —

“Section 6. x x x

“Allowances and other benefits which are not given in substantial compliance with the LOI as interpreted herein shall

not be treated by the Department of Labor as emergency allowances in the contemplation of the LOI unless otherwise shown by sufficient proof. Thus, without such proof, escalation clauses in collective bargaining agreements concluded before the appeal of the President providing for automatic or periodic wage increases shall not be considered allowances for purposes of the LOI.” (Emphasis supplied)

We are not fully persuaded by petitioner’s contention.

It will be noted that at the time the Po.80 a day wage increase was granted by the petitioner, negotiations had been ongoing for a new collective bargaining agreement. It was but natural for representatives of the union, whose members were then feeling the weight of the price increases in prime commodities, to demand a wage increase for the workers higher than what had been granted in previous collective bargaining agreements.

On this point, we agree with the Acting Regional Director in rejecting petitioner’s argument that the Po.80 a day wage increase should be credited in the computation of the ECOLA, when he held that:

“True, any wage increase can be treated as emergency allowance. Glaring is the fact, however, that the said increase was granted as a result of the CBA negotiations concluded in December, 1973, sixty-six (66) days before the effectivity of LOI 174, or twenty (20) days before the appeal of the President. Nothing in the record shows — and respondent never bothered to allege — that the daily wage increase of Po.80 was granted specifically in response to the appeal of the President. Irresistible is the conclusion, therefore, that the Po.80 wage increase is — and should be — termed ‘wage increase’, pure and simple, hence, not part of the emergency allowance.”^[10]

In *De la Concepcion vs. Mindanao Portland Cement Corporation*,^[11] the Court ruled that emergency allowances that do not conform with LOI 174 and given in the guise of salary increases are a circumvention of the decree (PD No. 525) granting employees emergency living allowance.

It is petitioner's contention that its Agreement of April 1975 with the BBWU is, in effect, a voluntary arbitration award or decision; hence, it is, as between the parties, final, inappealable and executory. Yet, it is evident that the Agreement works to the disadvantage of the workers and runs counter to the constitutional guarantee of protection to labor. More importantly, the Agreement violates the spirit and intent of LOI 174 and P.D. 525 which were purposely issued to alleviate the plight of low-income employees who have suffered undue hardship caused by rising prices of prime commodities. The Court will not look with favor at agreements, schemes or devices that result in depriving laborers of the full benefits that the law provides for them. The respondent Minister of Labor was correct in disregarding said Agreement.

Even if the Agreement of April 1975 were considered in the same class as a voluntary arbitration decision, still, decisions of voluntary arbitrators, while given the highest respect and, as a rule, accorded a certain measure of finality, especially where the arbitrators chosen by the parties enjoy first rate credentials do not preclude the exercise of judicial review over such decisions. Article 262 of the Labor Code making voluntary arbitration awards final, inappealable and executory, except where the money claims exceed P100,000.00 or 40% of paid up capital of the employer or where there is abuse of discretion or gross incompetence, refers to appeals to the National Labor Relations Commission and not to judicial review.”^[12]

Having resolved the first and second issues, we now come to the third – the alleged denial of due process to petitioner. Petitioner claims that it was denied due process because the assailed orders were rendered without benefit of hearing on a factual issue not resolvable by summary investigation. The records show, however, that following the practice and procedure before the Regional Office, Ministry of Labor, the BBWU complaint was set for hearing where the parties were given opportunity to conciliate their differences, after which they were required to submit position papers. Another hearing on the complaint could be dispensed with as, according to respondent Acting Director, “(T)he facts are not substantially in dispute.”^[13]

There is no violation of due process where the Regional Director merely required submission of position paper and resolved the labor

case summarily thereafter against the employer without submitting the case for arbitration.^[14] Summary investigation and decision on the merits are proper where the issues raised by the parties did not involve intricate questions of law.^[15] What the law prohibits is the absolute lack of opportunity to be heard.^[16]

Moreover, petitioner appealed the Order of the Acting Regional Director to the Minister of Labor and a motion for reconsideration of the Labor Minister's order of affirmance was likewise filed. Whatever flaws the Regional Director may have committed based on an alleged denial of due process were deemed cured by the filing of the appeal and subsequent motion for reconsideration.^[17]

Finally, petitioner impugns the jurisdiction of the public respondents to award the money claims of the workers, contending that they disregarded the three-year prescriptive period for money claims under Article 291 of the Labor Code, which provides:

“Article 291. Money Claims. — All money claims arising from employer-employee relations occurring during the effectivity of this code shall be filed within three (3) years from the time the cause of action accrued; otherwise, they shall be forever barred.”

This issue was not raised before public respondents. It is settled that an issue raised for the first time in a petition for certiorari can no longer be considered by the Court at such stage.^[18] Moreover, as pointed out by the Solicitor General, the complaint was instituted by respondent union in a representative capacity. The relief sought for involved not only the 109 workers who authorized the filing of the complaint against petitioner on 24 February 1977 but also the other workers who later intervened as they were similarly situated.^[19]

WHEREFORE, in view of all the foregoing, the instant petition is **DISMISSED**. Costs against the petitioner.

SO ORDERED.

Melencio-Herrera, J., (Chairman), and Regalado, JJ., concur.

**Paras, J., took no part.
Sarmiento, J., is on leave.**

- [1] Annex A, Petition, Rollo, pp. 30-33.
- [2] Annex B, Petition, *ibid.*, pp. 34-35.
- [3] Annex C, Petition, *ibid.*, pp. 36-37.
- [4] Annex D, Petition, *Ibid.*, pp. 38-39.
- [5] Annex A, Private Respondent's Supplementary Comment and/or Manifestation dated 25 September 1980, Rollo, p. 73.
- [6] *Id.*
- [7] The "immediately preceding section" refers to the determination of the amount of allowances that should be given by employers to their employees. Petitioner, being capitalized at more than P1 million, is required to give emergency allowance to its employees of P50.00 a month, or P2.00 per day for daily paid employees.
- [8] Petitioner's Memorandum, p. 23.
- [9] Art. 261, Labor Code of the Philippines.
- [10] Annex A, p. 5, Petition, Rollo, p. 32.
- [11] 127 SCRA 647.
- [12] *Oceanic Bic Division vs. Romero*, 130 SCRA 392 (1984); *Mantrade/FMMC Division Employees and Workers Union vs. Bacungan*, 144 SCRA 510 (1986); *Continental Marble Corp., et al. vs. National Labor Relations Commission*, G.R. No. L-43825, 9 May 1988.
- [13] Order dated 21 March 1977, p. 1, Rollo, p. 30.
- [14] *Cebu Institute of Technology vs. Minister of Labor*, L-50238. March 29, 1982, 113 SCRA 257.
- [15] *Columbia Development Corporation vs. Minister of Labor and Employment*, No. L-57769, Dec. 29, 1986, 146 SCRA 421.
- [16] *Batangas Laguna Tayabas Bus Company vs. Associate Commissioner Josue L. Cadio*, et al., L-28725, March 12, 1968, 22 SCRA 987.
- [17] *Alfredo S. Marquez, etc. vs. Hon. Secretary of Labor, et al.*, G.R. No. 80685, March 16, 1989, citing *De Leon vs. Commission on Elections*, G.R. No. 56968, April 30, 1984, 129 SCRA 117; *Remerco Garments Manufacturing vs. Minister of Labor and Employment*, G.R. Nos. 56176-77, February 28, 1985, 135 SCRA 167; *Sampang vs. Inciong*, G.R. No. 50992, June 19, 1965, 137 SCRA 56; *Cebu Stevedoring Co., Inc. vs. The Hon. Regional Director/Minister of Labor*, G.R. No. 54285, December 8, 1988.
- [18] *Alfredo Marquez, etc. vs. Hon. Secretary of Labor and Kaisahan ng Manggagawang Pilipino, et al.*, *supra*.
- [19] Memorandum for Public Respondents, p. 10.