

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**ALFREDO L. HILADO,**  
*Petitioner,*

*-versus-*

**G.R. No. L-65863**  
**June 11, 1986**

**VICENTE LEOGARDO, JR., in his  
capacity as Deputy Minister of the  
Ministry of Labor and Employment,  
JOSUE NAVALES, ROGELIO GAJO,  
DOMINGO ALETO, PLARINO  
ABANDAN, GAUDENCIO GAJO,  
BRICIO GAYOTIN, RUFINO LARAPAN,  
RAFAEL BARRIOS, ERLINDA  
BARRIOS, MAMERTO ENCABO,  
JULIETO PERUELO, SANTIAGO  
CARETE, GERMOGENES DIONISIO,  
JUAN CARETE, VICTOR CARETE,  
PABLITO DE LA VEGA, ROLANDO  
GEMALAY, AVER BERMUDEZ,  
MOLINA GAYOTIN, MERLINA  
LARAPAN, ROMY GAJO, ROQUE  
ILANTINO, ROBERTA MABUS,  
LORETO NOBLE, MANUEL NOBLE,  
LETICIA NAVALES, JORGE  
MATALIDO, RAFAEL ABENDAN,  
GLECERIO NOBLE, GODOFREDO  
PONTAL, JOSEPHINE DIONISIO,  
PEDRO ENCABO, PACITO DIONISIO,  
FELICIDAD CARETE, TERESITA**

LARAPAN, DOLORES LARAPAN,  
ALEJANDRO GARDITO, ANGELA  
DOLINOG, CARMELINA LARAPAN,  
ELISEO LARAPAN, PABLITO ENCABO,  
MITELINA BARRIOS, ROBERTO  
ENCABO, MARCELO CARETE, ELSA  
GAJO, JOSE NAVALES, GODOFREDO  
PUNTAL, SR., LEONARDO ESCANER,  
REYNALDO FERUELO, ROLANDO  
BOLIAG, ESTILETO COLANGO, JR.,  
GUALBERTO DE LA VEGA, ANGELINA  
BOLIAG, ALICIA SEDAYON, JOSE  
PEPITO, MERCEDES CARETE,  
DEMOCRITO DE LA CRUZ, DOLORES  
ENCABO, BERJEDO ENCABO,  
DIONISIO GAJO, JAIME NOBLE,  
HERSON VILLA, ANECITO MABUS,  
JASMIN PERUELO, ELSA VILLA,  
RAFAEL APARICIO, ESTRELLA  
ROBLES, ERRIBERTO DESINTINO,  
NICOLAS NAVALES, ARCENIO  
VINTALEN, CORONACION ANGUS,  
HERMINIA GEBONGA, CARLITO  
ALITO, CRISTOBAL ROBERTO,  
SHIRLEY MAMAR, RICARDO CARETE,  
FELICIANO ENCABO and LUMUEL  
AMOR,

*Respondents.*

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## DECISION

**ALAMPAY, J.:**

This Petition seeks to annul the Order of public respondent Deputy Minister of Labor Vicente Leogardo, Jr., dated February 25, 1983, reversing the Order of the Assistant Regional Director, Ministry of

Labor and Employment, Bacolod City, dated June 17, 1981, which dismissed the complaint filed by private respondents for illegal dismissal. In the subject Order of February 25, 1983, the petitioner herein was also directed to pay the private respondents their separation pay in the amount of P729.00 each, or a grand total of P61,235.00.

Petitioner was the lessee of Haciendas Manghumay and Wesconsin, both sugar farms situated in the City of Bago, Negros Occidental, and owned by one Estanislao Padilla, Jr. The lease contract stipulated a lease period of six (6) years beginning crop year 1977-1978 up to and including crop year 1982-1983. Employed as regular workers at Hacienda Wesconsin before the lease were the eighty-four (84) private respondents. They were hired by petitioner as laborers when he took over the hacienda. The private respondents were made to understand that their employment would be as long as the lease was subsisting.

Due to considerable financial losses he incurred, petitioner pre-terminated his lease over the two haciendas after the 1980-1981 sugarcane crop harvest with the consent of the landowner, Estanislao Padilla, Jr. As to the pre-termination process, it was the arrangement that as soon as a part of the hacienda would be harvested, the owner would take over the vacated portion. Accordingly, starting June, 1980, as a portion thereof became vacated, the owner took over said portion and started cultivating the same with the private respondents as his laborers until the turnover of the leased hacienda was completed.

Before the pre-termination arrangement got underway, private respondents, on May 7, 1980, filed a complaint against petitioner for payment of wages, deficiency in the payment of the emergency cost of living allowances, and social amelioration bonuses. On July 8, 1980, another complaint was filed by the same private respondents this time for unpaid emergency costs of living allowances and non-payment or underpayment of the thirteenth month pay, five-day service incentive leaves, and premium pay for work rendered on regular and special holidays.

On January 16, 1981, while the above two case, which were later consolidated, were pending conciliation and arbitration, petitioner filed a clearance application to dismiss the workers in both haciendas to comply with the requirements of the law then existing. Private respondents opposed the application for clearance and filed a complaint for illegal dismissal along with the two complaints for monetary claims subject to arbitration aforementioned. After sometime, the monetary claims for payment of wages, deficiency in the payment of emergency allowances and social amelioration, thirteenth month pay, bonuses, incentive leaves and premium pay, were settled. The only issue, therefore, left for determination was the question of whether or not private respondents were illegally dismissed.

Taking cognizance of the case, the Assistant Director of the Bacolod City District Office issued an Order on June 17, 1981, dismissing the claim for separation pay of private respondents which in effect, gave due course to the application to terminate the employment of the private respondents with the petitioner effective at the end of the crop year 1980-1981. Not satisfied with the Order of the Assistant Regional Director, the private respondents elevated the matter to the Office of the Ministry of Labor and Employment which reversed the appealed Order of dismissal and directed the petitioner to pay each of the private respondents separation pay in the sum of P729.00. Petitioner sought reconsideration but the same was denied in an Order dated November 8, 1983.

Hence, this petition.

In this petition, the sole issue presented for determination is the question of whether or not private respondents were illegally dismissed from Hacienda Wesconsin by the petitioner.

In finding a case of illegal dismissal against the petitioner, public respondent did not give credence to petitioner's contention that there was no gap between the termination of the private respondents and their hiring by the owner. It was his opinion that "the resumption of operation of the hacienda by its owner and the rehiring of the complaints came long after the latter's dismissal" (Rollo, p. 62).

This finding, however, is not supported by any evidence. On the contrary, the record shows that there was continuity of employment of private respondents, first, from the owner of the land, then to the lessee-petitioner, and then back to the owner as soon as an area was vacated. That there was no interruption of their employment is shown by the documents submitted by the private respondents themselves. Thus, the Solicitor General correctly pointed out that —

“In private respondents’ complaint dated July 8, 1980 docketed as FSD Case No. 9868-80, aside from admitting that they continued to work for the petitioner as of that date, illegal dismissal was not among those complained of (see p. 113, record). The position paper submitted by private respondents (then complainants) in Case No. A-205-80 indicates that as of July 17, 1980, private respondents were still working at Hacienda Wesconsin (see p. 100, Record). In another two separate joint-affidavits both executed on July 17, 1980 by private respondents which form part of said position paper, they stated that they were still working for the petitioner (pp. 96-99, Record). In another joint affidavit dated February 24, 1981 (barely two weeks from the filing of complaint for illegal dismissal) private respondents averred in paragraph 3 they were working at Hacienda Wesconsin “up to the present” (p. 93, Record; Rollo, p. 113; Emphasis supplied)

Actually, on the matter at hand, the reason for the termination of the employer-employee relationship was not really the dismissal of the private respondents but the expiration of their working relationship with the petitioner. It is not disputed by both parties that the tenure of employment was merely coterminous with the lease of Hacienda Wesconsin (Private Respondent’s Appeal Memorandum, p. 2; Record, p. 79; Petitioner’s Petition, p. 16). This being the case, as soon as portion of the hacienda was harvested and vacated and then taken over by the owner, the lease was deemed terminated with respect to said portion and the employment of those assigned thereto deemed expired. Therefore, even assuming that there was a gap between the expiration of their employment and the resumption of operation by the owner, private respondents are not entitled to any separation pay as the case entails expiration of tenure, not dismissal.

The application for clearance filed by petitioner with the Ministry of Labor and Employment for “dismissal” has no controlling significance. Said application was filed by petitioner merely to comply with the requirements of the Labor Code prevailing at that time. The term dismissal used in the application for clearance refers not to dismissal in its literal sense but to a termination of employment in general. In fact, the application filed by petitioner, “TERMINATION OF LEASE” was indicated as the cause for the “dismissal” (Rollo, p. 28).

Private respondents’ claim that they were dismissed from Hacienda Wesconsin in retaliation for their having filed complaints against him apparently was accepted by public respondent Deputy Minister of Labor and Employment when he ruled that there was a constructive dismissal (Rollo, pp. 4344). However, even the Office of the Solicitor General who appeared for the Deputy Minister of Labor and Employment, public respondent in this case, does not subscribe to this pretension of private respondents that there was such an illegal dismissal made by petitioner (Rollo, p. 114).

According to the Solicitor General’s Office, private respondents’ claim that they were dismissed in retaliation for filing complaints against petitioner “does not appear plausible in the light of the uncontroverted fact that petitioner had even settled private respondents monetary claims and filed clearance application to dismiss (actually to terminate employment due to the sugar crises) after several months from the filing of private respondents’ complaints.”

In the Comment on the petition, it was the Solicitor General who also disclosed that in private respondents’ complaint, dated July 8, 1980, docketed as SFD Case No. 9868-80, aside from admitting that their tenure of employment is coterminous with the lease of Hacienda Wesconsin, it was acknowledged as an uncontroverted fact that 138 workers at Hacienda Manghunay, who were similarly situated and separated from work by petitioner, did not file a complaint for illegal dismissal (Rollo, pp. 114-115).

The Solicitor General’s Office also accepts that “in the proceedings before the Regional Director, petitioner has amply proved that the

very reason why he filed an application clearance to dismiss private respondents on January 16, 1981 is to comply with the requirements under the Labor Code. Since the lease of Hacienda Wesconsin was to expire sometime in May, 1981, he must file a clearance application prior to that date. Private respondents categorically admit that their tenure of employment is co-terminous with the lease of Hacienda Wesconsin. Private respondents' claim that they were dismissed by petitioner in retaliation for filing complaints against the latter does not appear plausible." (Rollo, pp. 113-114).

The financial problem that beset the Sugar Industry is a factor that had been actually taken judicial notice of in *Sayco vs. Philippine Sugar Commission*, L-55798, July 20, 1985, 137 SCRA 679. There can indeed be no reason to doubt that the crisis in the sugar industry, with the current heavy burden being shouldered by sugar planters, was the principal and compelling cause for petitioner to pre-terminate his lease of the hacienda. The logical and inevitable result of this pre-termination of lease was the severance of any further relationship on the part of the petitioner with the private respondents, the laborers who were already the workers in said hacienda even before petitioner's lease began.

**WHEREFORE**, premises considered and sustaining the views of the Office of the Solicitor General expressed in its Comment to the petition in this case, the challenged Orders issued by the public respondent Vicente Leogardo, Jr., dated February 25, 1985, and his related subsequent Order dated March 30, 1985, are hereby **SET ASIDE** and the original Order of Assistant Regional Director Dante G. Ardivilla, dated June 17, 1981, dismissing the complaint of private respondents for illegal dismissal is hereby reinstated and shall constitute the judgment in this case.

No pronouncement is made as to costs.

**SO ORDERED.**

**Feria, Fernan, Gutierrez, Jr. and Paras, JJ., concur.**