SUPREME COURT
FIRST DIVISION

ORESHOOT MINING COMPANY,
***Petitioner*,**

-versus-

G.R. Nos. L-75746-48
December 14, 1987

HON. DIOSCORA C. ARELLANO, Director, Regional Office No. IV, MOLE, HON. VICENTE LEOGARDO, JR., Deputy Minister, MOLE, THE ACTING SHERIFF, RO No. 4, MOLE, RODRIGO BAACO, MANUEL RODRIGUEZ, MELCHOR GUMPAL, ET AL.,
***Respondents*.**
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D E C I S I O N

NARVASA, *J.*:

Assailed in this Special Civil Action of Certiorari is the Order of the Deputy Minister of Labor and Employment, affirming with modification the Order of the Director of Regional Office No. IV which, in three (3) separate but consolidated proceedings, directed the reinstatement of private respondents and the payment to them of back wages and certain other benefits.[1]

The Regional Director's Order, dated October 6, 1981, contained the following disposition, to wit:

> "WHEREFORE, premises considered, an Order is hereby entered as follows:
>
> > "1. Respondent Oreshoot Mining Co. is hereby ordered to immediately reinstate to their former positions without loss of seniority rights with full backwages as computed above, the complainants Rodrigo Baaco, Manuel Rodriguez, Rolando Pacaldo, Silvestre Teodoro, Albino Bungalso and Rufino Bungalso;
> >
> > "2. Respondent is also hereby ordered to pay the complainants the benefits in accordance with the computations made above and is required that henceforth it should give the same benefits to all of its employees.
> >
> > "3. The total amount of benefits due the employees above referred to is P117,905.00."

Oreshoot filed two (2) motions for reconsideration. The first was denied; the second was treated as an appeal and transmitted by the Regional Director to the Office of the Minister of Labor and Employment. Acting thereon, the Deputy Minister rendered an Order on May 27, 1985, affirming the aforesaid adjudgment made by the Regional Director with the modification that sixteen (16) employees, who signed an affidavit of desistance in Oreshoot's favor, dated November 12, 1981, were dropped as party complainants. Subsequently, the Regional director issued a writ of execution on March 19, 1986 which the MOLE Deputy Sheriff sought to implement in July, 1986.

Oreshoot has come to this Court advocating the theory that all the proceedings above mentioned are void because the Regional Director had no jurisdiction to take cognizance of and adjudicate the claims of private respondents. Additionally, it imputes grave abuse of discretion to the Regional Director in (1) consolidating the three cases filed against it and deciding them as one notwithstanding that the last two cases were filed after the first had already been submitted for

decision; (2) in not informing it (Oreshoot) of the non-indorsement of the cases to the Labor Arbiter as required by Article 227 (now Article 228) of the Labor Code; and (3) ruling that there were no valid grounds for its shutdown of its business on account of economic difficulties caused by world-wide recession.

Oreshoot is correct as regards its claim of the Regional Director's lack of competence over the cases in question. The respondent Regional Director had no jurisdiction to try and decide claims of workers and employees of their illegal dismissal from employment, and for their reinstatement and recovery of monetary and other benefits consequent thereto. The writ of certiorari will issue in Oreshoot's favor. The same issue was raised in Zambales Base Metals, Inc. vs. The Minister of Labor, et al., G.R. No. 73184-88, Nov. 26, 1986. In that case, in a substantially analogous factual context, this Court,[2] resolved the issue in the following manner.

> "The issue is simple enough. The applicable provision is Article 217 of the Labor Code, which states as follows:
>
> > 'ART. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) The Labor Arbiters shall have the original and exclusive jurisdiction to hear and decide within thirty (30) working days after submission of the case by the parties for decision, the following cases involving all workers, whether agricultural or non-agricultural:
> >
> > '1. Unfair labor practice cases;
> >
> > '2. Those that workers may file involving wages, hours of work and other terms and conditions of employment;
> >
> > '3. All money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employees' compensation, social security, medicare and maternity benefits;

'4. Cases involving household services; and

'5. Cases arising from any violation of Article 265 of this Code, including questions involving the legality of strikes and lockouts.

x x x"

"This article does not even need construction. It is obvious therefrom that only the labor arbiter could decide the cases filed by the employees as they involved 'money claims' falling under No. 3 of the enumeration. As for the regional director, the authority he invokes under Article 128 of the Labor Code confers upon him only visitorial powers over the employer's premises and records, including the right to require compliance with the labor standards provisions of the Code, such as those relating to industrial safety. Nowhere in the said article is the regional director empowered to share the 'original and exclusive jurisdiction' conferred on the labor arbiters by Article 217."

At the time of the filing of the cases at bar, original and exclusive jurisdiction was vested in Labor Arbiters to hear and decide inter alia (1) "all money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employees' compensation, social security, medicare and maternity benefits," and (2) "all other claims arising from employer-employee relations, unless expressly excluded by (the) Code."[3]

The Regional Director had direct and administrative control and supervision over "(a)ll Labor Arbiters in his region."[4] As such he was empowered to assign cases to Labor Arbiters, "taking into consideration their workload, nature of the case, complexity of the issues involved and other factors, with the view of expediting disposition of cases." A Labor Arbiter could take cognizance only of "cases indorsed to him for compulsory arbitration by the Bureau or by the Regional Director," but the "indorsement or non-indorsement of

the Regional Director (could) be appealed to the Bureau within ten working days from receipt of the notice.[5]

In the case of a money claim, the Regional Director's power was limited to receiving the complaint, investigating it and trying to effect conciliation, and, if no settlement was reached, certifying the case to the Labor Arbiter. That certification could not however be made if (a) the complaint patently lacks cause of action; (b) the causes of action have already prescribed: (c) the complaint patently partakes of the nature of harassment; and (d) the complaint is barred by prior judgment.[6]

In cases of shutdowns or dismissals, as to which prior clearance was formerly required, the Regional Director was empowered to initially decide whether to certify the same to the Executive Labor Arbiter or to summarily investigate and decide it within 10 days from filing; but if there had been a "preventive suspension on the employee effected by the employer, the Regional Director (was) bound to rule first thereon: whether to lift or sustain the same or to stop or give due course to an intended one." As a matter of policy the Regional Director certified the case to the Executive Arbiter "(a) if the nature of the case does not suit summary investigation, or (b) if intricate questions of law are involved." And if he did not deny the application, he had to "immediately certify the case to the Executive Arbiter for hearing and decision on the merits."[7]

It is worthy of note that where there was need for "hearing and decision on the merits" as regards applications for clearance to shut down or dismiss, that function of hearing and deciding was not entrusted to the Regional Director but to the Executive Arbiter (or other Labor Arbiters). This is clear from the provision requiring the Regional Director to certify the case to the Executive Arbiter. That and other related provisions make clear that in reality, the only power accorded to the Director was either to deny the application for shut down or dismissal after "summary investigation," or certify the same to the Executive Arbiter. And he could only himself act on an application for clearance to shut down or dismiss, only if the case did not involve "intricate questions of law" or was not otherwise suited for summary investigation.[8] But, to repeat, where there was

necessity to pass "upon the merits" of an application, he could not deny it, but had perforce to certify it to the Executive Arbiter.

It is also worthy of note that the jurisdiction of the Regional Director in this regard is by express terms confined to applications for shut downs and dismissals; i.e., those projected or proposed to be effected in future. Withheld from him by necessary implication, therefore, are cases involving actual shut downs or dismissals, already effected by the employer, where determination of the merits thereof becomes inevitable upon complaint of the employees thereby affected.[9]

Now, when Batas Pambansa Bilang 130 took effect on August 21, 1981, the clearance requirement for shut downs and dismissals was eliminated. The power of the Regional Director to pass upon applications therefor thus disappeared. So, too, did his power to indorse cases to Labor Arbiters vanish; the Labor Arbiters were placed by the batas under the supervision of the Chairman of the National Labor Relations Commission. Withal, the Regional Director retained the power to conciliate in termination cases (but not to pass upon and decide the merits thereof).[10]

The latest amendment to Article 217 of the Labor Code was worked by Section 2, Batas Pambansa Bilang 227, effective June 1, 1982. Said Section 217, as lastly amended, is reproduced in full in the excerpt from Zambales Base Metals, Inc. vs. Minister of Labor, 146 SCRA 50 quoted earlier in this opinion. 11 It will at once be perceived that the amendment does not at all affect, much less expand, the jurisdiction of the Regional Director. The Director continues to be without competence or authority to hear and decide any of the matters specifically placed by law within the original and exclusive jurisdiction of Labor Arbiters.

In this case the Court will therefore make the same disposition as it did in Zambales. "Inasmuch as the proceedings before the regional director were null and void ab initio for lack of jurisdiction, the complaints for (back) wages and other benefits filed by the employees against the petitioner should be remanded to the labor arbiter for appropriate action," with the expectation "that resolution of these cases will be effected with the least possible delay." The other issues raised by the petitioner obviously need no longer be resolved.

WHEREFORE, the questioned Order of the public respondents dated October 6, 1981 and May 27, 1985, and other related orders and writs, are hereby nullified and set aside. The private respondents' complaints are remanded to the corresponding labor arbiter, with the direction that the same be heard and decided with all deliberate dispatch. No costs.

Teehankee, *C.J.*, Cruz, Paras[*] and Gancayco, *JJ.*, concur.

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[1] Rodrigo Baaco and 33 other employees.
[2] Per Mr. Justice Isagani A. Cruz.
[3] Art. 217, Labor Code, as amended by PD 1691 eff. May 1, 1980. The other cases within the Labor Arbiters' exclusive jurisdiction were: (1) unfair labor practice cases; (2) unresolved issues in collective bargaining, including those that involve wages, hours of work and other terms and conditions of employment; and (3) cases involving household services.
[4] Sec. 5, Implementing Rules and Regulations, PD 1391, eff. May 29, 1978.
[5] Art. 228, Labor Code; see Abad vs. Phil. American General Insurance Co., Inc., 108 SCRA 717.
[6] Book V, Rule XII, Implementing Rules and Regulations of the Labor Code.
[7] Policy Instructions Nos. 6 and 14, April 23, 1976; Sec. 8, Rule XIV, Book V, Implementing Rules and Regulations of the Labor Code.
[8] Grounds for denial of the application for clearance to shut down or dismiss workers were explicitly prescribed: (1) there was a showing of unfair labor practice in connection with the proposed shut down or dismissal; (2) the ground therefor is not one of the just causes provided for under Art. 283 of the Labor Code; (3) the projected shut down will seriously affect public interest.
[9] Sec. 9, Rule XIV, Book V, Implementing Rules & Regulations, supra.
[10] Sagmit vs. Sibulo, 133 SCRA 359.
[11] At page 2, supra.
[*] Designated a Special Member of the First Division.
